

European Dialogue

THE MAGAZINE FOR EUROPEAN INTEGRATION

MARCH-APRIL 1998/2

Democracy's foundation
Starting negotiations
Agricultural reform
Irish companies and the euro
Economic priorities
Europe's culture

CEE: X/15



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How to find European Union information in Hungary

The Association Agreement between Hungary and the European Union was signed in December 1991 and came into force in February 1994 thus allowing for stronger ties between the European Union and Hungary. Hungary submitted the official application for membership to the European Union on 31 March 1994. The economic and political requirements of membership were defined in June 1993 at the Copenhagen summit and the pre-accession strategy of the Central- and Eastern European countries was launched at the Essen summit of the European Council in December 1994. In the course of the preparation for membership the dissemination of information about the European Union becomes more and more important. The most important information centres in Hungary are listed below:

Type of centre, scope of activities and services

Delegation of the European Commission in Hungary

It is the task of the Delegation to officially represent the European Commission, present its policies and supervise the Phare programme. The Delegation also co-ordinates the activities of the official information and documentation centres of the EU in Hungary.

Although the Delegation does not provide any public library and/or documentation centre services, its employees assist the interested individuals with advice, investigating the adequate source centres, and eventually obtaining the requested documents.

European Documentation Centres - EDCs

The members of the EDC network located all over Europe usually operate in liaison with universities and/or research institutes. The EDCs receive the documents of the institutions of the EU from its official publisher on a regular basis; the majority of them also provides access to the electronic databases of the European Union.

The following publications can be found in most of the Hungarian centres:

- Official Journal of the European Communities (OJ)
- Community legislation in force
- Bulletin of the European Communities
- Statistical reports
- Economic reports, periodicals (European Economy, Panorama of the EU industry etc.)
- Guidelines to EU programmes

The centres provide public library and information services to everyone interested.

Euro Info Service (EUR-OP sales agent)

The Hungarian office of EUR-OP (Office for Official Publications of the European Communities) has the right to distribute (in printed or via electronic means) the official publications and information material of the EU institutions.

Euro Info Correspondence Centre (EICC)

The EICC centres have the primary responsibility of meeting the information needs of small and medium size enterprises. Their services include information about the participation in research programmes, finding EU-partners for Hungarian firms, provision of access to the databases. The Hungarian centre has been carrying out these activities 1995.

Name, address and phone number of the centre in Hungary

Delegation of the European Commission in Hungary

1016 Budapest Bérc u. 23.

Tel.: 209-9700, Fax: 166-4221

E-mail: eudelhun@euroweb.hu

(Publications and leaflets on European policies can be ordered free of charge, or bigger quantities can be collected if notified in advance. The Delegation does not engage in the distribution of publications for sale or for commercial distribution.)

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Tel.: 217-6652, Fax: 217-4539
- ELTE Faculty of Law. EU Documentation and Research Centre
1053 Budapest Egyetem tér 1-3.
Tel. / Fax: 266-5999
- MTA Institute for Economics
1112 Budapest Budaörsi út 43-45.
Tel.: 319-3143, Fax: 319-3136
- József Attila University. - Library of the Faculty of Law and Political Sciences
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- Daniel Berzsenyi College. Department of Sociology
Centre for European Studies
9700 Szombathely Károlyi Gáspár tér 4.
Tel./Fax: (94) 329-918
- College of Trade, Commerce and Catering. Library
1050 Budapest Alkotmány u. 9-11.
Tel.: 332-7150/152, Fax: 131-5720

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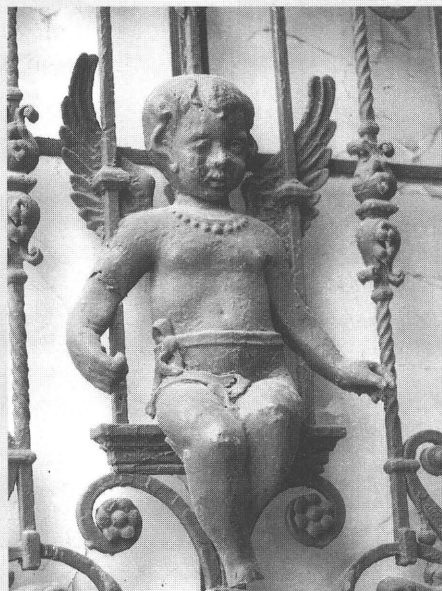
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NGOs have a role to play in building a civil society

The EU is strongly committed to the promotion of democracy, good governance, the rule of law, human and minority rights. All these principles are enshrined in every Europe agreement and form a cornerstone of EU accords with all third countries.

Ever since democracy became the subject of political philosophy and theory there have been varying definitions and acceptances of the term.

Democracy is the foundation of a civil society and of economic development. Freedom of thought, stable institutions and legal certainty are crucial to every area of modern society.

Good government is not just a moral concern, or a basis for social stability and political legitimacy. Corruption, government breach of contract, expropriation of property and inefficiency in public administration harm growth.

There is no official definition of democracy issued by the European Union (EU) (ED 96/1, page 20), but the Treaty of Amsterdam includes an article saying "a serious and persistent breach" by a member state of democratic principles may lead to sanctions such as the loss of voting rights.

For the candidate countries the EU has made it clear that a working and stable democracy is one of the prime criteria for EU membership.

Political conditions for EU membership were highlighted in the 1993 Copenhagen criteria which states "that the candidate country should have achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities" before being accepted into the Union.

In the preparation of the Commission's opinions on the applications for EU membership, the Commission went beyond an assessment of formal democracy and tried to evaluate progress in substantive democracy — the degree that individuals can influence the conditions in which they live.

All countries wishing to become members of the Union are expected not just to subscribe to the principles of democracy and the rule of law, but actually to put them into practice in daily life.

The Commission took into account the views of member states, the OSCE and Council of Europe in drawing up its political assessments.

The EU sees the rule of law and democracy as a central part of its enlargement strategy. "The EU cannot and will not accept as a member any country which is not fully committed to these principles. The success of the EU depends on its ability to implement its legal order. Without an *état de droit*, this task would be impossible," declared Foreign Affairs Commissioner



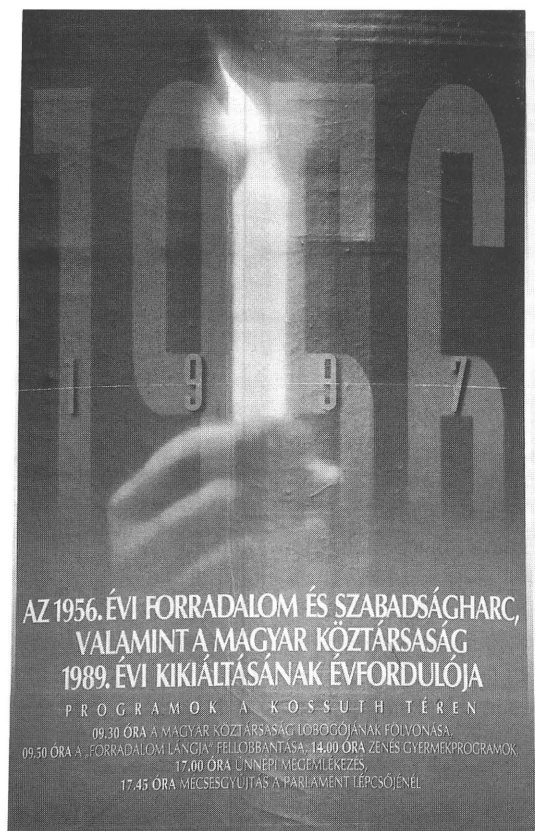
Hans van den Broek at a recent conference exploring democracy and the role of non-governmental organisations (NGOs) in its development.

"The applicant countries' constitutions guarantee democratic freedoms, including political pluralism and the freedom of expression and religion. They have set up democratic institutions and independent judicial and constitutional authorities which permit different state authorities to function normally, have held free and fair elections and, in general, recognise the role of the opposition. Nevertheless, all the applicant countries still have flaws in the rule of law which they need to put right," says the Commissioner.

There are differences between regions and countries, but the



Sue Cunningham/SCP



Sue Cunningham/SCP

need for democracy and the rule of law as a basis for the development of the individual and of society is universal. It was one of the reasons why the Commission recently decided to re-focus an important part of the Phare programme for the applicant countries on institution building. Under the pre-accession strategy the institutions of civil society are to be considerably increased.

In 1992 the EU's work promoting democracy in the candidate countries began with the setting up of the Phare democracy programme (see article page 6). Since then it has disbursed Ecu 50m in funding in Phare countries. The programme aims to promote increased knowledge of democratic practices at local and national level, support the work of NGOs as an expression of pluralist democratic societies and transfer expertise and technical skills to professional groups and associations.

The criteria for selection of projects is not primarily the organisation involved, but the nature of the project.

Unlike other Phare programmes, there is no government involvement in the selection of projects.

Since 1996 the EU and the Council of Europe have been active in developing joint programmes which promote the rule of law in the candidate countries, particularly in the area of reform of legal systems and the protection of minorities.

Although candidate countries are making strong efforts to overcome decades of authoritarian rule and to build systems founded on political and economic freedom, the implementation and enforcement of constitutional and legal principles is taking time. The strengthening of the administrative and judicial systems in all the candidate countries is needed and is one of the priority sectors in the EU's pre-accession strategy.

While the Commission is keen to promote the development of democracies and the role of NGOs in that development, there is some internal debate over how best that can be achieved.

No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of government except all those other forms that have been tried from time to time.

Sir Winston Churchill, British politician (1874-1965)

"There are differing views in the Commission over the best way to proceed in relation to promoting democracy and civil society in the candidate countries," according to Jeremy Lester of the human rights and democratisation unit in DGIA.

"The original objectives of the Phare democracy programme were based on a belief that NGOs have an essential contribution to make to promoting a healthy society by ensuring the separation of powers and in breaking up centralised power. The idea was that 10 independent newspapers are better than one state newspaper. However, not all in the Commission share the opinion that NGOs are a good thing and voices calling for a more strategic approach to support for democracy have been heard," adds Mr Lester.

"Whereas the original objective was to promote democracy in the candidate countries through NGO funding, all funding now has to be seen in the context of the Commission's agenda for the accession. I would underline the importance for the Commission to adopt a more strategic approach to funding NGOs to promote democracy in the candidate countries, but would warn against the dangers of doing so at the expense of NGOs."

Another view on the Commission debate comes from Peter Ashman, director of the European Human Rights Foundation. "The Commission is currently revising its priorities and at a time when some Commission officials would rather see money for democratisation go to governments, it is invaluable that the opinions of the NGO community are heard," says Mr Ashman. Overall the Commission is pleased with the development of democracy and the role NGOs are playing in the process in the candidate countries.

The growth of NGOs and their activity in the effective exercise of democratic rights has grown over the past two decades. Governments and NGOs have begun to work together particularly in Britain where there has been a shift towards focusing responsibility in the community for all sorts of previous government-dominated activities, ranging from social welfare to environmental monitoring to human rights.



Sue Cunningham/SCP

All the ills of democracy can be cured by more democracy.

Alfred Emanuel Smith, American politician

The emphasis is on the responsibility of the citizen and that process, to a larger or lesser degree, has been prevalent in most west European countries where it is seen as part of the process of building healthy democracies.

In the candidate countries the process has been retarded by the imposition of communist rule, but since 1989 great change has occurred and the NGO sector is now coming into its own. "As far as NGO development goes, we're in a winning situation. Things are going our way, although the situation is very variable," explains John Penny a DGIA official responsible for democracy projects in the candidate countries. In Poland, for example, there has been an explosion of registered NGOs. "This says something about the maturity of democracy in Poland and the health of democratic processes there. But in the Baltic states progress has been more sluggish, although coming along. There is a lot of ground to make up for there. The state of the civil society and the state of preparedness of the people to take the initiative and basically to take their fate into their own hands is less developed. In Slovakia the NGOs are fairly active. But there is a strained relationship with the government. The Slovak government still has to learn that NGOs are partners and not representatives automatically of the opposition," says Mr Penny. In the EU governments are often the main donors or conduits for funding of NGOs. Each country's individual history of

philanthropy and work with charitable institutions will determine to some extent the way in which the NGO sector is funded. To some degree this is a result of the history of the country. The governments in the candidate countries have been able through the EU's civil society development programmes, to channel some funding to NGOs. In the long-term these governments will need to find alternative sources of funding, probably through adjustments to tax regulations and in giving favourable tax breaks to NGOs. "The present taxation system is a big brake on the development of NGO funding in the candidate countries. Governments need to look at alternatives to Phare funding, probably through adjustments to tax regulations," says Mr Penny.

Overall, the Commission believes there is still a long way to go in getting governments and NGOs to work together towards building a fully democratic society. "In Romania the recent radical change of government has seen attitudes change dramatically. NGOs are now seen as partners, but it will take time for the structures and institutional mechanisms to be put into place to handle this relationship. This is something which the Commission through the Phare democracy programme can help to do. There is a different situation in each country, but on whole, they are all moving our way," concludes Mr Penny. ■

Baltics promote women

Increasing the participation of women in all areas of society — for example in government, law enforcement and civil activities — is just one of the main challenges governments and non-government organisations (NGOs) face in the transition to democracy. The Madrid-based Fundación Mujeres has been addressing this issue in Lithuania and Latvia since the beginning of 1997, heading a Phare-sponsored project.

The Spanish group has worked with the Latvian National Women's League and the Lithuanian Women's Association in trying to boost the participation of women in the democratic processes.

In June 1997 Fundación organised internships in Madrid for 20 women from Latvia and Lithuania. The women worked on transferring ideas about the organisation and management of women's organisations and exchanged experiences. These ideas were then put into practice in Latvia and Lithuania. A wider audience was introduced to these concepts through seminars.

Representatives of Fundación say progress has been mixed: the ideas of the programme have taken solid roots in Lithuania, but in Latvia a distinct dichotomy has

emerged between different generations of women. For the younger generation ideas about the enhanced participation of women are met with enthusiasm, whereas older women allow nationalist prejudice against the rights of Russian women residing in the country to cloud the issue. This attitude has prevented the programme achieving the same success levels as in Lithuania. ■

More information on the project from Fundación Mujeres, Elena Valenciano Martínez-Orozco or Cristina Fernandez, Paseo de la Castellana 113, E-28046, Madrid (Tel: (341) 556 8384; Fax: (341) 556 8251; E-mail: direct@infonet.es). Partner NGOs are Latvian Women's National League and Lithuanian Women's Association.

Democracy

Combating corruption is a major issue

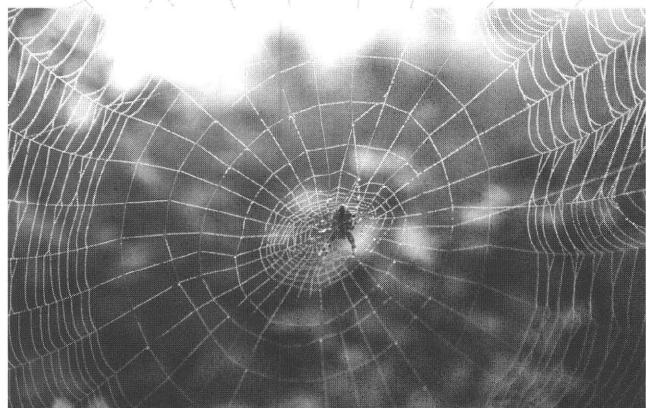
Berlin-based Transparency International first began its attempts at combating endemic corruption with a national strategy against corruption programme. Initially this simply meant that exploratory missions were taken to find out the situation in Poland, Hungary, the Czech Republic, Slovakia and Romania. Now the focus has narrowed to Poland, Hungary and the Czech Republic.

The project takes a two-pronged approach to tackling corruption within society. Two workshops are to be organised to explore this

problem. The first draws participants from all sectors of society through local NGOs, including members of parliament, the judiciary, the media and the private sector. Participants will be invited to discuss the impact of corruption in their areas of work and to discuss how to co-operate in future to combat corruption. The second will focus on practical ways to control corruption. The idea is to examine macro-measures and to understand country-specific features of corruption. A Source Book, detailing practical methods for controlling corruption, is to be published on the Internet.

Support for the project has been growing in the three countries, with national organisations of Transparency International being set up in Poland and Hungary. Representatives of Transparency International say shared international experience of corruption is helping to reduce its effect in these countries. ■

More information from Transparency International, Sergei Chereikin, Heylstr 33, D-10825, Berlin, (Tel: (49 30) 343 8200; Fax: (49 30) 787 5705; E-mail: ti@contrib.de). Partner NGOs are Association Against Corruption, Centre for Political Analysis, and Transparency International Hungary.



Sue Cunningham/SCP

NGO Integration in Bulgaria and Romania

The promotion of multi-cultural integration and cultural pluralism has become a popular clarion call for NGOs throughout the world, and particularly in the emotionally-charged region of south-eastern Europe. The unfortunate corollary of this is the saturation of the region with a host of disparate and weakly integrated programmes that are rarely seen to be better than the sum of their parts — and are occasionally much worse.

The International Peace Information Service (IPIS) has begun a two year project aimed at improving the level of communication between the NGOs working for multi-cultural integration in Bulgaria and Romania. The project has two aims:

- to establish multi-cultural programmes at schools and in local communities, which would become forums for NGOs to share their experiences and to discuss methods of fulfilling their goals
- to compile three central databases and set up an electronic communication network to be used by NGOs.

These two core activities will be supplemented by a series of workshops focusing on multi-cultures and

conflict resolution, an international seminar and the publication of two handbooks based on information collected by the programme.

Representatives of IPIS say their dealings with partners in Romania and Bulgaria has been effective and conducted in a mature and business-like fashion. This has been refreshing, they say, following the complex, time-consuming and burdensome bureaucratic rules followed by the European Commission — a sentiment echoed by almost all of the organisations contacted — in order to get programmes off the ground.

IPIS suggests that after this project ends, the NGO sectors in these countries will need to move towards greater independent co-ordination. The overall economic situation of a country is of vital importance to the health of the NGO sector, and while these economies are still in the difficult transition process,

there are strong incentives towards closer co-operation in obtaining government and other funding for operations and specific projects. ■



More information on the project from International Peace Information Service, Goedele de Kersmaecker, Italielei 98a,

B-2000 Antwerp (Tel: (323) 225 0022; Fax: (323) 231 0151; E-mail: ipis@glo.be). Partner NGO organisations are Access, Centre for Researching Inter-ethnic Relations in Transylvania and Société des Européanistes.

Co-ordinating NGOs is hard work

The lack of co-ordination within the NGO sector is just one of the elements tackled by EU Phare-sponsored projects. Other projects seek to strengthen links between NGOs and other sectors of operation. The Civil Society Development Foundation in Budapest launched a project to improve Polish and Hungarian NGO co-operation with local government and business.

The project addressed each of these sectors individually, beginning with a training session in September 1997 for NGO representatives. This helped to encourage skills in coalition building, advocacy and fund-raising and was followed with a training session for local government designed to introduce strategies for co-operation with both NGOs and the private sector.

The third training session was devoted to representatives of the business sector. A fourth training session will discuss strategies for cross-sectoral co-operation and bring together NGOs, local government officials and representatives of the business community.

The Foundation is also publishing training and resource manuals and offering public education workshops.

This is an 18-month project and is still in its early stages. Nevertheless, representatives of the Foundation were surprised by what they saw to be a substantial level of ad hoc spending on community programmes already in existence in many cities. In many cases pressure for community spending has originated

from western companies investing in the area and not from indigenous enterprises.

A main aim of the training sessions is to introduce a model for effective investment in the community. David Logan, head of Corporate Citizenship, has been acting in a consultancy role to businesses helping to develop interest in projects.

A study by the London Benchmarking Group provides a way to measure the effectiveness of community programmes.

Foundation representatives say varying levels of business development between Poland and Hungary have brought about different levels of success with regard to the uptake of projects. In Poland, unlike in Hungary, businesses are more keen to play a role in the community and see such relations as good for business. They have created specific community education projects, for example by opening a technical school. Such projects take into account both social needs and the long-term plans of the business.

In Hungary companies have not yet become interested in such ideas and this has made it more difficult to bring together the three groups on projects. ■

More information on the project from Civil Society Development Foundation, Nilda Bullain, Meszoly u 4 111/3, H-1117 Budapest (Tel: (361) 185 2966; Fax: (361) 185 1706). Partner NGO is Civil Society Development Foundation in Poland.

Phare projects support democracy

To help the applicants and other countries in their transition to democracy, the EU set up the Phare democracy programme in 1992. The programme forms part of the European democracy initiative of the European Parliament. It seeks to support the activities and efforts of NGOs and complements other Phare programmes.

Phare democracy officially states its aim as being to contribute to the consolidation of pluralist democratic procedures and practices as well as the rule of law, with a view to supporting the overall process of economic and political reform in the Phare countries, in which all the candidate countries are members. The Phare democracy programme is managed by a Brussels-based NGO, the European Human Rights Foundation*. It has funded NGO projects in all the candidate countries.

Under the programme only formally constituted, non-state, non-profit-making bodies and independent state authorities (those which determine their own policies and expenditure) are eligible for funding.

In addition to the Phare democracy programme, the EU has established a Phare micro-projects programme or small grants programme. NGOs can have funding of a

maximum Ecu 10,000 allocated to selected projects.

The programme is managed through the EU delegations in each candidate country.

The democracy programme was particularly effective in helping to create an independent media, establish citizens advice bureaux, train parliamentarians and their staffs and introduce civic education in schools.

"The Commission has come under criticism from NGOs over recent years because of problems in the administration of contracts and projects in the field of democratisation and human rights. The Commission was setting itself targets that were too ambitious and which are then bound to disappoint the NGO community. However, the Commission has tried to take on board some of this criticism," explains Jeremy Lester, of the human rights and democratisation unit in DGIA. ■

** More information about EHRF, its newsletter and activities is available from EHRF, c/o European Human Rights Foundation, 70 Avenue Michel-Ange B-1000 Brussels (Tel: (322) 736 8405; Fax: (322) 734 6831; E-mail: ehfr@skynet.be; Web site: <http://users.skynet.be/ehfr/>).*

Democracy on the streets

The Phare democracy programme sponsors a broad spectrum of activities which extends to projects aimed at the maintenance of civil order. Law enforcement on the streets is a project organised by the Centre for Human Rights at Warsaw University, and run in conjunction with Justice, the British section of the International Commission of Jurists.

Although delayed by a new law changing the structure of the city government, the project aims to give Warsaw's City Guards, an organisation distinct from the police force but responsible for the maintenance of civil order, the necessary training which will bring them into line with the standards of the rest of the European community.

The project aims at transferring British local police forces' expertise to the Polish organisation, instructing them in vital techniques such as conflict resolution and mediation and giving them an essential grounding in human rights and the fundamental principles of European law.

As Ivona Gaguta of the Centre for Human Rights suggests, the value of this project is twofold. Organisations such as Justice possess specific knowledge which is not otherwise available to central European NGOs or police forces. In some central



Sue Cunningham/SCP

European countries NGOs are the only organisations with the money or financial support from outside organisations, like the EU, to undertake socially-beneficial programmes and training. ■

More information on the project from the Centre for Human Rights (Institute for Social Prevention and Resocialisation), Warsaw University, Beata Gruszczynska, ul Podchorazych 20, PL 00-00721 Warsaw (Tel: (4822) 414 811; Fax: (4822) 416 074). Partner NGO is Justice, the British section of International Commission of Jurists.



Sue Cunningham/SCP

La Strada fights for women

Trafficking of women from Poland, the Czech Republic and Ukraine has become a serious problem since 1989. One programme, known as La Strada (The Street), attracted support from the EU with a grant of Ecu 200,000. The project, led by the Foundation Against Traffic in Women (STV) based in the Netherlands, aims to raise awareness on the issue of trafficking in women, provide support to the victims, carry out preventative work among women and help develop specialist NGOs in the candidate countries to continue the fight against exploitation of women.

Although active primarily in the Czech Republic, Poland and Ukraine, La Strada is also operating in the Netherlands. Its work is based on close co-operation between EU and non-EU partners.

La Strada can make a real difference to the lives of women caught in this demeaning and dangerous profession. Grazyna from Poland was sold in Germany and eventually ended up in the Netherlands. Arrested as an illegal immigrant by the Dutch authorities, she faced deportation to Poland where her abductors heard of her deportation and were waiting for her. Her story of abduction was corroborated by another victim through the La Strada project. As a result of this, Grazyna has been granted asylum in the Netherlands. ■

Mutual recognition of certification and standards makes trade easier

A 1997 agreement between the European Union (EU) and US on mutual recognition of testing certification and standards went some way towards cutting through bureaucratic red tape. The accord will save importers and exporters significant amounts of money and time.

The system to be introduced between the EU and the candidate countries differs from that between the EU and the US. The European Conformity Assessment Agreements (ECAAs) will allow products that used to need technical approval from both exporting and importing country to be sold on the basis of home country certification and customs clearance.

ECAAs are specifically designed with the idea of EU membership in mind. They work towards the goal of adoption of all EU *acquis* (law) on standards and conformity assessment.

The difference is that where the EU recognises US standards which may be different from those in the EU, the candidates will adopt exactly the same EU standards which apply to existing member states. For that reason the agreements with the candidates are called European Conformity Assessment Agreements.

ECAAs are seen as a useful stepping stone for all candidate countries. To emphasise the importance of these agreements, the Commission organised a seminar* in September 1997 to explain to the candidate countries the concept and process of the ECAAs.

The ECAAs are based on the adoption, implementation and enforcement of EU technical legislation and aim at the mutual recognition of conformity assessment results for products subject to third party certification. They help eliminate technical barriers to trade for products not subject to third party certification.

ECAAs will facilitate market access both ways by removing technical barriers to trade and speeding the approximation to the *acquis*. They are an important element of the pre-accession strategy.

Technical assistance (mainly PRAQIII (ED 97/6, page 14)) and some national Phare programmes, are already directed to the establishment of ECAAs. Future national Phare programmes may contain elements to assist in similar ways.

ECAAs will also mean recognition of the conformity assessment bodies by the EEA countries following conclusion of parallel agreements.

The more technical and detailed directives such as those covering pharmaceuticals, chemicals, motor vehicles and food products, will be more difficult to implement. However, once such EU laws are in place, trade between the EU and the candidates in these products should become easier. Under EU rules any new technical standard and regulation to be introduced by a member state must be reported to the Commission for approval. This is how Brussels ensures that member states do not inadvertently create new barriers to free

trade. During the pre-accession period, the Commission will work closely with the candidates to ensure that their certification and standards institutes are aware of EU regulations and apply them. They will also make sure that candidate countries do not introduce any rules which run counter to the principles and spirit of the single market.

"The intention is for the ECAAs to march in line with legislation," says one Brussels official. "That will provide an incentive for countries where the adoption of some of the more detailed and technical directives is lagging."

The use of ECAAs should help cut costs and save time. Deregulation and administrative simplification where possible is a maxim the Commission wants applicant countries to adopt.

This approach has already yielded tangible results. Poland initiated a protocol on ECAAs in March 1997, outlining its commitment to putting the agreements in place for industrial products. This acted as a catalyst for the government to push forward on a new law for testing and certification and for the introduction of the EU directives on liability for defective products and general product safety.

The first ECAAs are expected to be signed in April 1998 with Poland, the Czech Republic and Hungary. Slovenia and Estonia will probably follow.

"The candidate countries have been pushing hard for these negotiations to start, so there must be good reasons for

them to want ECAAs. The high costs involved for their industry of duplicate certification will probably be one of the biggest reasons for pushing ahead," says one Brussels official.

Despite the progress, there are still some hiccups. There have been reports of EU products which comply with Union standards being prevented access to markets in the candidate countries. In the Commission's enlargement opinion, questions about the separation of bodies for standards, certification and accreditations were raised. Many of these institutes come under different ministries and lack independence. Some are being privatised. The past procedures were at odds with EU practice and are only slowly changing.

Insufficient staffing levels and limited technical expertise in some countries will hamper faster adoption of EU certification and standardisation. "The process seems to be moving rather slowly in some countries," says one Brussels official, "but progress is being made and we are confident that all candidate countries will eventually adopt satisfactorily all EU rules covering standards and certification."

Kenneth Jones, Brussels

* More information on the seminar on European conformity assessment agreements, held in Brussels September 12 1997, is available from DGIA, Mr Georgios Antoniou, Rue de la Loi 200, B-1049 Brussels (Tel: (322) 295 7096; Fax: (322) 296 8040).



Sue Cunningham/SCP

CAP reform hurdle confronts EU

If there is anyone equipped to push through the changes most experts believe to be necessary to prepare the common agricultural policy (CAP) for the challenges of enlargement, then that man is Farm Commissioner Franz Fischler.

Mr Fischler is upbeat about the prospects for his reform package. "There are negative reactions, but there have also been very many positive ones, too. We must get away from the idea that the status quo will guarantee farmers' income in the future. Just the opposite is true," Mr Fischler says to suggestions from EU farmers' lobby COPA that his reform plans go too far.

Mr Fischler has opted for the middle road, steering clear of calls from economic liberals for a sudden liberalisation or big bang while at the same time emphasising that CAP in its present form was untenable. "Our concept will allow us to export without refunds, which will ease the single market and raise prices on the world market," says Mr Fischler.

Of central importance to the Commission's proposal is the gradual convergence of prices in the EU with those prevailing in the world market which *inter alia* will bring them closer to candidate country prices. The planned cuts in EU institutional prices should narrow the gap further.

Mr Fischler rejects any idea that he has underestimated the costs of change. "Our opponents have done their calculations on the same basis as they used in 1992, when we proved them to be false."

Mr Fischler's plan is relatively simple: a further cut in the guaranteed prices farmers receive for their products, in order to bring EU prices closer to those prevailing elsewhere in the world, in return for higher direct compensation payments.

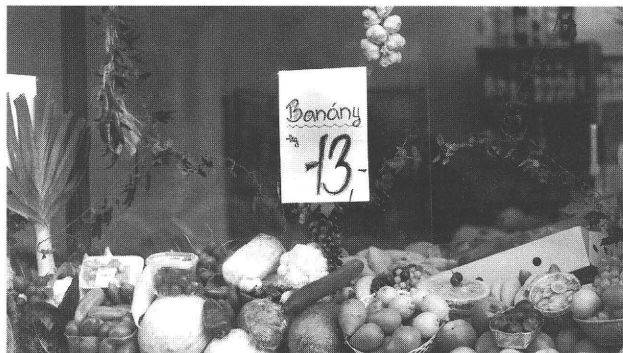
In an outline of the approach published in Agenda 2000 in July 1997 (ED 97/6, page 2), Mr Fischler suggested a 30 per cent cut in beef prices, a 20 per cent cut for cereals and a 10 per cent reduction for milk, with milk quotas to remain in place until at least 2006.

Reaction has been mixed. Britain and Sweden have led the call for even deeper cuts and the gradual phase-out of the compensation originally put in place by former Commissioner Ray MacSharry in 1992.

Germany, although the EU's principal paymaster, always listens to its farmers. They are passionately opposed to Mr Fischler's ideas. Instead of cutting the cost of the Ecu 40bn annual farm budget, the German farmers' association (DBV) wants increased spending by 2006 of around Ecu 12bn.

"This will bring EU farm policy and German farmers into dispute," says DBV president Gerd Sonnleitner. He also claims the Commission has vastly underestimated the cost of the planned expansion of the EU.

The Commission is sticking resolutely to its blueprint for the future. It maintains the sheer scale of the challenge of taking in the rural economies of the candidate countries makes change crucial. "The accession of all 10 will increase the Union's agricultural area by 60m hectares (ha) and its arable area by 42m ha. If enlargement were to take place today, it would more



Sue Cunningham/SCP

than double the Union's agricultural workforce," says David Roberts, head of external policy in the Commission's directorate-general for agriculture.

As part of the pre-accession strategy for preparing the candidates for EU membership, money has already been earmarked for helping the development of the food-processing sector. Mr Fischler wants to build on this approach. The Commission says it is not justifiable to pay candidate country farmers similar compensation to that given to producers in existing member states.

To the extent that new EU prices do not involve price reductions, Mr Roberts suggests that these countries, instead of receiving price compensation like the rest of the Union, could be given financial assistance to adapt their processing industry which is likely to continue to be necessary even in the immediate post-accession period.

Applicant countries have welcomed the political and monetary efforts made by the Commission towards accession. However, they have also voiced their concerns about EU farm policy.

"It seems to Polish farmers that EU farmers are to be protected for as long as possible, even from their eastern partners," says Jerzy Plewa, under-secretary of state at the Polish Agriculture Ministry.

The Commission has pushed in the past for candidate country export quotas to the EU to be increased, but its efforts have often been blocked by EU government anxious to protect their own farmers.

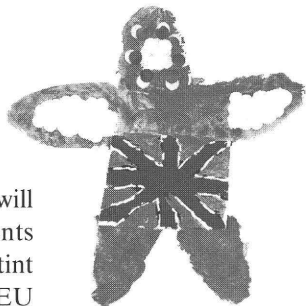
"The financial aid we've been promised before we join will be very useful, but development also requires markets. We need trade as well as aid if we are to develop," comments Mr Plewa. Poland's criticism was echoed by Hungarian Farm Minister Frigyes Nagy. "Hungary wants equal treatment to that given to existing EU states like Spain, Portugal and Greece. We don't want to be second-class members of the Union."

Despite the problems the will to ease candidate countries' agriculture into CAP is strong on both sides. Early in 1998 the Commission will publish a raft of formal legislative proposals to flesh out the concepts outlined in Agenda 2000. Only then will the real battle begin. It could be over a year before the future shape of a reformed CAP begins to emerge. ■

Anthony Anderson, Brussels

British presidency aims to tackle main challenges

Britain holds the presidency of the EU in the first half 1998. These six months will be of crucial importance to the future of the EU as the Union enters into membership negotiations with six candidates (Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia) and reinforces its commitment to include all candidates from central Europe in the enlargement process with the launch of the European Conference in mid-March.



The British presidency will see two major events during its six-month stint as head of the EU

presidency. One will be crucial decisions on the euro. The other will be the start of the negotiations with six countries on joining the EU. *European Dialogue* spoke with Douglas Henderson, Britain's Minister for Europe, about the enlargement process and the challenges facing both the European Union (EU) and candidate countries as both prepare for enlargement. "I don't see hurdles, I see challenges which the countries have to face in joining the EU," Mr Henderson told *European Dialogue*.

"These countries must make political changes and this is relatively easy — deciding to uphold proper democratic standards, allowing opposition parties full facilities and press freedom and having a free judiciary, all of which gives the basis of a civil society. But the other big challenge is in the economic sphere. Where the economy has to change, where there must be movement towards convergence. This means making the change to a modern economy. This is a big job and is all about investment in new equipment, re-skilling, establishing the necessary infrastructure," says Mr Henderson.

The candidates need to bring in a regulatory system consistent with the EU. This will be a long and detailed process, particularly in areas such as environment and the single market. "It's not as easy as it seems. There are a lot of people who will be affected," warns Mr Henderson.

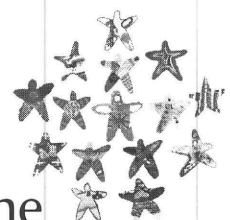
This is not a short-term transition, says the minister. While these changes are being made — many of which may be difficult for the populations in the candidate countries — the governments of the applicants need to keep the support of the people.

"Some of these changes will be painful. It is complex replacing old, dated industries with higher productivity, high-technology," says Mr Henderson, warning that unemployment may rise.

From the point of view of the candidates, Mr Henderson suggests that each country move as fast as it can to make the necessary changes.

"All the countries have different characteristics, problems and opportunities. They've just got to make the best of

UK Presidency of the European Union



these and do that as quickly as possible. But you can't change the economy quickly. New economic investments can take years before changes are apparent and even longer to see if the new system is working. You can't even build a small factory quickly — it'll take a year."

Enlarging the EU is an historic opportunity to increase both the European continent's stability and its prosperity. The British presidency is determined to make a successful start to the enlargement process which offers real prospects to those countries which have applied to join. Bringing more countries into the Union also means there must be radical changes to the EU agricultural policy and reform of the regional aid programme, as well as how the EU is financed.

On the subject of financial support for the candidates, Mr Henderson displays to some extent his Scottish ancestry. "No one ever thinks there's enough money, but we've got to get the balance right," he says, adding that EU budget negotiations over the next year will also play a part in determining the amount of money the EU is able and willing to give the candidates to help them prepare for membership.

"The proposals of the Commission are about right. I think they'll be seen as such by both the current EU member states and the potential recipients."

The Union knows it is in a completely new situation both politically and economically and it intends to meet the challenge of enlargement. The EU, says Mr Henderson, is well aware of the potential problems if countries do not join. "Most people have the same values and hopes — people in both the member states and the candidate countries. It is better to work together. It will mean a big change to the existing EU countries. We'll have to answer some tough questions, like how we spend money, reform of the common agriculture policy and structural funds. This

will mean big changes and some existing areas of the EU will find these changes painful. But they will find great opportunities from enlargement in the medium and long term," explains Mr Henderson.

Fears that enlargement could lead to a disintegration of the EU are groundless, believes Mr Henderson. The EU of today, he declares, is substantially different from the six-nation club set up 40 years ago. "The EU will continue to change. It is part of the development of the history of Europe. The EU is forward looking. It is moving forward as a modern Europe needs and as much social cohesion as possible. I think people like the idea of a Europe at peace."

Mr Henderson points out that the majority of Europe's citizen prefer the Europe of today to that which existed before the changes in 1989. "People felt the potential then and now they see the potential opportunities offered by enlargement. No one liked the Iron Curtain," says Mr Henderson.

Nevertheless, he sounds a note of caution and is reluctant to predict the future of the Union. "A lot could happen. We don't know what the political and economic environment will be in the future. We can't put a timetable on membership, it's just not realistic. The thing is that everyone wants to progress as fast as possible. No one wants a country to join before it is ready. The countries have to be sure they are ready to participate in economic terms."

On those who are not beginning negotiation talks, Mr Henderson reiterates the commitment of all existing member states to view all applicants as potential members. Britain's Foreign Secretary Robin Cook visited three candidate countries and Mr Henderson the other seven last year. The idea was to make sure all 10 candidates were included in the enlargement process. "We had a good response from the political leaders,"

confirms Mr Henderson. "It is interesting that at the Luxembourg summit, just before we opened our press conference, I was warmly embraced by one of the foreign ministers from a country in the second five. He was very pleased and honoured that we had kept our commitment to work hard for an inclusive approach."

The British government sees as part of that commitment to all 10 candidates the opening of the European Conference in mid-March. The European Conference is a forum set up to discuss areas of co-operation and will tackle serious issues such as crime and drugs. The conference establishes a dialogue with all the candidate countries. Many see the creation of the conference as a signal to the applicant countries of the genuine intention of the member states to enlarge the union.

Mr Henderson wants the European conference to be the start of the process of building a wider Europe. Negotiations with six candidates — Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia — begin at the end of March.

"We intend to drive forward the process and try to help our successors in the presidency sustain that momentum," says Mr Henderson.

During the negotiations Mr Henderson says, "It is important for all the candidates to be in regular contact with all member states and not to be shy in letting them know the changes they are making in preparation for EU membership. They need to recognise the sensitivities of the EU 15 on such important political issues as human rights, linguistic rights, citizenship. They need to satisfy the citizens of the EU that these issues have been dealt with effectively and that no citizen from a candidate country can come to us and say 'I've been denied my linguistic human rights'," concludes Mr Henderson. ■

IMPORTANT DATES IN THE BRITISH PRESIDENCY

March 8-31	Contemporary dance festival, Romania Contact: Aura Vlad, British Council, Romania Tel: (401) 210 5347
March 12	European Conference, London - Tel: (44 171) 270 3000
March 27-28	Informal EU/candidate country ministerial conference on employment, Budapest
April 24-26	European enlargement and integration conference, Prague Contact: Martin Rose, British Council, London - Tel: (44 171) 389 4446; Fax: (44 171) 389 4424; Web site: http://www.britcoun.org/european/
June 4	Doing business with central and eastern Europe seminar, Cardiff, Wales Contact: Ms Janet Leigh-Jones - Tel: (44 1222) 494 411; Fax: (44 1222) 481 623; E-mail: janetlj@caveg.com
June 15-16	European Council meeting, Cardiff, Wales - British presidency web site: http://presid.fco.gov.uk/
June 26-27	Conference with candidates education ministers, Prague

Irish company attitudes over euro vary

Irish companies are meeting the challenge of the single currency in a variety of ways for a number of differing reasons.

Jefferson Smurfit Group is the world's number one paper-based packaging company.

— Including associates, it operates a total of 400 facilities in 25 countries. The market leader in container-board and corrugated containers, it has integrated operations in Europe, Latin America and the US.

The group's chairman and chief executive, Michael Smurfit from Dublin, says economic and monetary union (EMU) and the single currency is "not only good for the countries of Europe, it is essential". Nevertheless, he does sound a note of caution. He believes it is not sustainable that a single market can operate to its optimum efficiency without the existence of a single currency. "Those countries that can meet the necessary economic criteria will find EMU good for business, good for internal trade and good for financial discipline," he says, adding, "I would like to caution that in trying to create rigidly the Europe of the future, we are in danger of destroying the goods things about the Europe of the past. I understand that the Irish government needs to control public expenditure to stay on track for EMU, but I am concerned about the impact this will have on economic growth rates — industry's lifeblood." This is the same problem with which government leaders throughout Europe are grappling.

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Michael Smurfit, Jefferson Smurfit Group

Smurfit's international treasurer, Paul Regan, believes for companies the introduction of EMU and the single currency is a positive development, but that preparation is needed if the transition is to go smoothly. "There are a multiplicity of issues here. First of all from the point of view of capital markets, basically we would see serious implications for the Irish equity market. Irish fund managers will no longer hold Irish equities to match the currency of their liabilities, so we'd see them diversifying

into other European markets. At present around 60 per cent of the Irish market is made up of only five stocks, including ourselves. This has implications for companies like ourselves, who are quoted here [in Dublin] and have a heavy investor-base here. From our point of view, we've had to step up investor relations in a fairly big way over the past couple of years," explains Mr Regan.

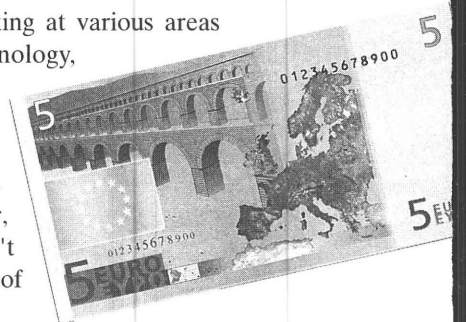
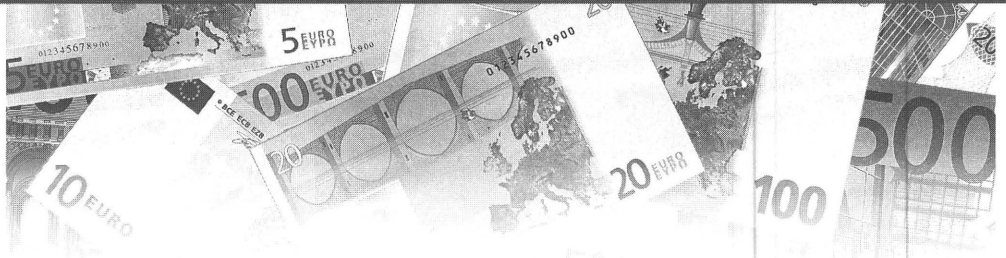
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Michael Smurfit, Jefferson Smurfit Group

There are also implications for company debt. Mr Regan believes the single currency will facilitate the development of a liquid corporate bond market in Europe which over time could rival that of the US. "That obviously makes long-term funding easier for companies like ourselves, with significant operations in Europe. At the moment we have to go to the US market for significant amounts of long-term capital. Access to capital [after the euro] would be easier and cheaper."

Another general issue will be increased competition. "The issue of exchange rate risk will no longer be there. There will be transparent price lists. It will be very easy to make price comparisons. This will hit the retail market especially where different companies have different prices in different countries. That will show up like a sore thumb in a single currency," says Mr Regan.

Changeover costs are one more issue which Smurfit sees as important. "We're looking at various areas like information technology, the marketing side, training and there are significant costs. While it's the banks that are really going to suffer, companies shouldn't underestimate the scale of





costs they're going to be facing. Even realising where costs arise, there's a huge process of examination to be done which we're now undertaking — just finding where the costs are going to be incurred is a huge task. There's a lot of work to be done to even arrive at a figure," concludes Mr Regan.

Another Irish company, Fyffes, is positive about the general benefits of a single currency to Ireland but believes the impact in business terms will be minimal. Fyffes, a leading importer and distributor of fresh produce in the European market, is the second largest importer of bananas in the EU and operates a fleet to ship produce from the Caribbean and Central America to the EU. It is the leading supplier of bananas in Ireland, Britain, the Netherlands and Spain with significant market shares in Germany and France.

"I suppose [the euro] produces a greater certainty among all the trade partners if the exchange rate is fixed then it's like a guy sitting in Pittsburgh in the US selling to another guy in Chicago. It's one more complication gone out of the loop. But in terms of our own business I don't think it will make that much difference," says deputy chairman Carl McCann. "There's not actually much we can do to prepare [for the single currency]. There may be implications for the accounting side or computing, but we don't foresee a huge change."

Despite his lack of enthusiasm for the euro, Mr McCann does, like Smurfit, see advantages for the Irish stock market from EMU. "A big plus will be in terms of the stock market. If you're a German or British investor and you look at an Irish company and see this strange Irish currency, you may be a little hesitant to invest. That distinction eventually will be gone and I think under a single currency we'll find much more interest on the part of investors in a wider spread of companies," says Mr McCann.

The single currency will facilitate the development of a liquid corporate bond market in Europe which over time could rival that of the US.

Jim Flavin, deputy chairman of DCC, a diversified holding company with interests in food, energy, services to the computer industry and healthcare, also greets the introduction of the euro with mixed feelings. He believes the move towards EMU has encouraged the Irish government to manage better its fiscal policy. However, a

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Carl McCann, Fyffes

negative impact is the "level of uncertainty that EMU is generating, which is manifesting itself through fluctuations in interest and foreign exchange rates".

"In the long term once EMU reaches a critical mass, significant benefits should accrue to the participating nations, including Ireland, due to the expected increase in trade and investment. If Britain joins along with the second group of European nations in

2002, this should further enhance the benefits available to Ireland," says Mr Flavin.

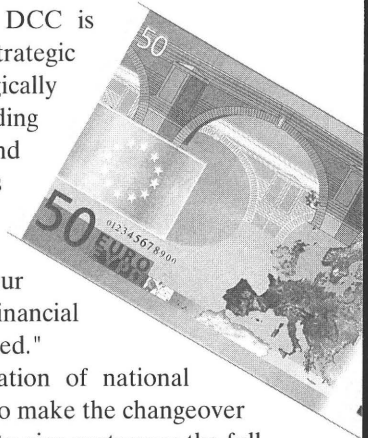
As for the impact on DCC, Mr Flavin says the uncertainty on the financial markets is resulting in a degree of volatility which is making financial hedging strategies more difficult to

devise. "The specific concerns that we have relate primarily to the British stance on EMU as we have a strong presence there. But we're looking forward to the long-term opportunities which will be generated by EMU and we believe that, given both our sectoral and geographical spread and strong balance sheet, we are well placed to pursue the opportunities that EMU will undoubtedly present," says Mr Flavin.

On its preparation for EMU, DCC is tackling this issue at both the strategic and operational levels. "Strategically we're examining the wider trading and investment opportunities and competitive and marketing issues which may arise as a result of EMU. At an operational level we're planning to ensure that our management information and financial reporting systems are fully prepared."

Looking forward to the elimination of national currencies in 2002, DCC expects to make the changeover sooner, rather than later, in order to give customers the full advantage of the single currency. ■

Kevin Smith, Dublin



Setting economic priorities is part of pre-accession strategy

Candidate countries are being asked to set medium-term economic policy priorities as part of the pre-accession partnership. Commission officials will work together with the 10 candidates to help develop a continuous dialogue on economic and fiscal issues.



Assessing the strengths and weaknesses of the economies of the candidate countries — something

which every EU member state is subjected to by its peers — has now become part of the pre-accession process. The first joint assessment was of Hungary's medium-term policy priorities.

The 28-page report went one step further than the arrangements already operating under the Europe agreements, where there are regular discussions within the Association Council and Association Committee on economic matters. There are also 10 sub-committees, one of which deals with financial and economic issues.

The idea of the joint assessments was developed by the Directorate-General for Economic and Financial Affairs (DGII), headed by Giovanni Ravasio. "To avoid meeting just once a year and forgetting about the conclusions until the next time, we decided to find a way of making the work of the finance and economic sub-committee a continuous and on-going dialogue," explains Rutger Wissels, head of DGII's unit dealing with the candidate countries and enlargement issues. "If these countries are going to join the Union in the medium-term, they must make sure that their economies are ready. We want to do this together — looking together at what they should do and in what sequence these things should be done. We thought that establishing a medium-term framework would be useful to ensure this," says Mr Wissels.

The idea did not meet with universal approval in the beginning. Many candidate countries were suspicious of anything which smacked of the discredited communist-era five-year plan approach and some saw the DGII idea as too close to that model for comfort. "We needed to convince them that what we wanted was not a rigid plan, but a structured and organised way of approaching problems in the medium-term," says Mr Wissels, adding, "We have proposed it [joint assessment] to all of them and they all want to do it." Work on joint assessment with the other nine candidates is moving along and should be completed early in 1998. However, the process, tested out on the Hungarians, is one which will continue up to the point of membership.

"In our view this is a rolling exercise," says Mr Wissels, "We will come back to it regularly and ask: what has happened in the meantime? Have things changed? Why have they

changed? Was it because of external factors or was it something that could have been done internally? Now with these programmes we have a benchmark against which we can have regular policy discussions. This will prepare the applicants for the kind of multilateral surveillance which already goes on within the EU whereby all member states within the Monetary and Economic Policy Committees and EcoFin (the Economic and Finance Council) as well as at Commission level carry out a review of policies. The difference in this situation is that the review is not multilateral, since it involves only the Commission and the state involved."

To avoid meeting just once a year and forgetting about the conclusions until the next time, the Commission decided to find a way of making the work of the finance and economic sub-committee a continuous and on-going dialogue.

The assessments will be conducted in the context of the Europe agreements, initially by the finance and economic sub-committee which will then hand them up to the full association committee.

The joint assessments are now seen as a useful part of the pre-accession strategy. They may even be used in some cases as a way of monitoring progress to ensure that EU funding can be realised. However, the Commission is keen to point out that any conditionality will concentrate on the need to reform certain economic sectors. There will not be rigid targets set out, but applicant states will have to explain why they are not meeting their set targets or why certain measures have been imposed or withdrawn. Like their EU counterparts, the individual country will have to justify its economic and financial policies and show that it is trying to move in the direction of convergence with the best of the EU's economies. For their part the Commission officials will help steer candidate country policies towards this goals. There are, emphasises one Commission official, no set criteria. "Candidate countries are not being asked to meet Maastricht

criteria straight away. We are simply asking them to accept west European economic orthodoxy: reducing of budget deficits, getting inflation down."

The prototype Hungarian joint assessment also concentrates on micro-economic strategy. The Commission believes that in the transition economies there should still be a strong link between micro- and macro-economic strategies. The Hungarian paper, drawn up in parallel with the drafting of the formal Commission opinion on the readiness of the applicants for EU membership, emphasised both elements. The Commission also expects to help train officials in the candidate countries in the technical skills needed to draft such strategies. Technical assistance grants of up to Ecu 50,000 from the EU Phare programme will be used for this purpose.

With these programmes the Commission has a benchmark against which it can have regular policy discussions. This will prepare the applicants for the kind of multilateral surveillance which already goes on within the EU. The difference in this situation is that the review is not multilateral, since it involves only the Commission and the state involved.

Officials in the candidate countries will work with the Commission desk officer for that specific country and may also call on external economists to assist with the work. "Typically two staff members will work on the project, which can take up to four months if worked on full-time. In future we want the political base to be broadened on both sides," says Mr Wissels. In some countries it is a question of getting all the various ministries (finance, economy, privatisation) and the central bank to work together to produce regular medium-term strategy papers. ■

Timothy Jones, London



Sue Cunningham/SCP

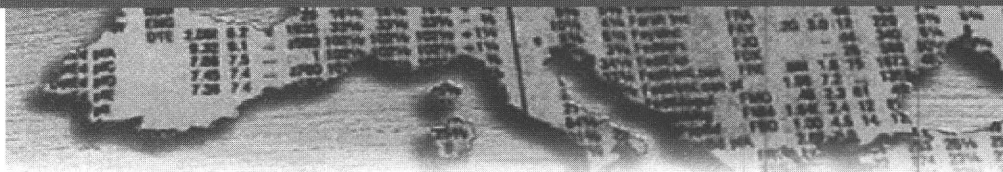
Finance offer for SMEs

A new financing facility specifically designed to encourage small- and medium-sized enterprise (SME) development is expected to begin operations this year. Known as the Ravasio Facility, after the head of DGII, Giovanni Ravasio, the fund will be open to SMEs from all 10 candidate countries.

Funding will come from the Commission (via the EU Phare programme), the European Investment Bank (EIB), the EU's investment financing arm, and the London-based European Bank for Reconstruction and Development (EBRD).

Although details on the new facility's operation are sketchy, it seems likely investment funds available for the SME development will be considerable, easily in the tens of million of Ecu. Financing will be channelled through a mixture of grants (funded from the Phare programme), commercial lending (EIB) and equity participation (EIB and EBRD), probably in part through venture capital funds to be set up in the candidate countries. Technical assistance will also be provided. ■

in brief



Talks begin in March

EU enlargement talks will begin March 31. British Foreign Secretary Robin Cook says the new members should join as equal partners. Britain holds the six-month rotating Council presidency until July 1998. Mr Cook says countries which join should have full rights, including access of their agricultural products and labour mobility — issues which worry some EU members. "Membership must bring free movement of people and goods," says Mr Cook.

van den Broek reaffirms EU commitment

Foreign Affairs Commissioner Hans van den Broek used an autumn visit to Hungary, Bulgaria and Romania to reconfirm the EU's commitment to the future membership of these three countries. "The Commission's work will not be done until all candidates are full members of the EU. We welcome the pace of economic reforms in both countries and hope the preparations for membership will be accelerated. We will continue to support these efforts". During his Hungarian visit a joint declaration on the establishing of customs and tax co-operation was approved. The Commission will provide Hungary with financial and technical assistance and training to

prepare the country for controlling effectively the EU's external frontiers once Hungary is admitted to the EU. Hungary for its part says it wants to join the Schengen convention as soon as possible once it becomes an EU member.

In Bulgaria, Mr van den Broek signed a special EU Phare programme of social assistance of Ecu 20m. This doubles the amount of special social assistance given to the programme to date, which targets the neediest in Bulgarian society such as orphans and pensioners.

In Romania he participated in a ELDR (European Liberal, Democrat and Reform Party) conference, speaking on enlargement issues.

Santer in Baltics

Commission President Jacques Santer's November visit to Lithuania, Latvia and Estonia focused on the enlargement process. In each country President Santer outlined the main sectors where pre-accession efforts need to be intensified and emphasised the importance of continued good regional co-operation between the three countries, as well as with their neighbours, particularly Russia. In Latvia and Estonia Mr Santer also discussed the situation of minorities, including the acceleration of the naturalisation process. In Lithuania he met President Algirdas Brazauskas, the Prime Minister Gediminas Vagnorius

and other government officials. In Latvia meetings were held with President Guntis Ulmanis, the Prime Minister Guntars Krasts and others. Mr Santer also gave a speech during the EC-Latvia Joint Parliamentary Committee meeting.

In Estonia Mr Santer met President Lennart Meri, the Prime Minister Mart Siimann and others.

Monti goes east

While visiting Hungary in autumn 1997, Single Market Commissioner Mario Monti reviewed Hungary's progress on implementing and applying single market rules. His main message during the visit was: "Hungary is currently well on track for accession. There has been good progress on most areas of single market legislation. Don't lose the momentum, close remaining legislative gaps (such as customs rules) and pay very close attention to implementation and enforcement of legislation." This was Mr Monti's second visit to an associated country following the October single market ministerial dialogue with candidate countries in Echternach where a general consensus emerged on the way forward. He introduced the aim to prepare a "road map" for each candidate country, focusing on its specific needs, taking account of progress made so far, vulnerabilities of particular sectors and problem areas.

Mr Monti also visited Romania

where he held talks on that country's progress towards implementing single market legislation. While there he told Romanian officials, "Single market rules will bring competitiveness and growth to the Romanian economy."

Poles in Brussels

Polish Prime Minister Jerzy Buzek made his first foreign visit to Brussels at the end of November 1997. He held talks with Nato and EU leaders, including Commission President Jacques Santer and External Affairs Commissioner Hans van den Broek. He was accompanied by Foreign Minister Bronislaw Geremek. They both stressed that Poland plans to speed up privatisation and other structural reforms needed to qualify for EU membership. Of main concern to the EU is the restructuring of Poland's steel industry where a 1996 accord to bring tariffs down to three per cent by 1998 is not being fulfilled by Poland. The EU has agreed to pay half the social cost of steel restructuring (Ecu 20m). Poland says it cannot meet the bill it will have if thousands of steelworkers are out of a job. Tariffs are to remain in 1998 at eight per cent. In a separate move the Council has approved an agreement with Warsaw on the modernisation of the oil sector in Poland. The agreement makes formal the tentative agreement reached in October 1996 following Poland's decision to take certain trade protection measures in its

in brief

restructuring of the oil sector. The new accord provides for more flexibility in the tariff scheme established by Poland with the aim of the total abolition of customs duties on January 1 2002 at the latest. The Poles are also committed to liberalising prices of oil products and the privatisation and modernisation of refineries, an increase in reserves and equal treatment for all buyers of refinery products. Quantitative restrictions on imports of oil products will be waived and regular meetings between the Commission and Poland will be held to monitor implementation of the various measures.

Worries on CAP costs after enlargement

Spain says EU enlargement to include the 10 candidate countries plus Cyprus will cost Ecu 14.171bn in the farm sector — about one-third of the current EU farm budget. This is the finding of a study by the Spanish which claims the EU would not be able to enlarge unless the current budget ceiling of 1.27 per cent of GDP is raised. According to the study, if enlargement to all the 11 candidates took place now and the common agricultural policy (CAP) was fully applied to them with price support but without compensatory

payments, the EU would need an additional Ecu 14bn a year for the CAP budget. If enlargement is applied to only six countries, the additional cost would be Ecu 7.694bn. The cost per country for the main fund would be Poland Ecu 4.198bn, Romania Ecu 3.087bn, Hungary Ecu 1.815bn, Bulgaria Ecu 1.518bn, Czech Republic Ecu 1.139bn, Lithuania Ecu 823m, Slovakia Ecu 721m, Latvia 328m, Slovenia Ecu 200m and Estonia Ecu 187m. Spain is planning on making public another, more detailed study on the budgetary implications of enlargement on the structural funds.

EU and candidates discuss unemployment

The EU and 10 candidate countries are to meet March 27-28 in Budapest for an informal meeting to discuss unemployment. The initiative came from the British government, which holds the six-month rotating council presidency in the first half of 1998. The meeting will be the first time an informal meeting of ministers has included candidate countries. This is also the first time an informal council meeting will take place in a candidate country.



Sue Cunningham/SCP

Banks cash in on euro

An expert group report on banking charges for conversion to the euro says the Commission should recommend a "standard of good practice for banks on conversion without charge". The standard would be advisory rather than binding. The expert group was set up by the Commission following the May 1997 round table on the practical aspects of the euro. The full text of the report is available on Internet at <http://europa.eu.int/comm/dg15/>. More information is also available by e-mail: C4@dg15.cec.be.

WEU needs clarification

The Western European Union (WEU) and EU need to formalise and clarify their relationship following the signing of the Amsterdam Treaty, says a new report. The study, entitled the WEU's role in the organisation of European security after the decisions taken by the EU in Amsterdam and by Nato in Madrid, was adopted by the WEU assembly's political committee. It says the WEU council should "establish close consultations as a matter of urgency with the relevant institutions of the EU, to define the scope for further co-operation between both organisations". There are fears, however, that difficulties the EU has experienced in reaching common decisions and reacting quickly to sensitive security crisis, such as the war in Yugoslavia, will be "aggravated by the extreme complexity of the draft

procedure which has been framed for the EU/WEU operations under article J.7.3 of the Amsterdam Treaty" and that the WEU must "make full use of its own powers of decision". The WEU is also concerned that the dominant role of Nato may be interpreted by the public "as an indication that the common European defence project is being abandoned".

Defence industry in the spotlight

The Commission has adopted a strategy to deal with the problems facing Europe's defence industry. The industry is too fragmented to be sustainable and the sharp drop in demand following the end of the cold war, combined with fierce competition from newly created giant corporations in the US has put the future of Europe's industry in doubt. The strategy, developed at the initiative of Commissioners Martin Bangemann (industrial affairs) and Hans van den Broek (external affairs), addresses these problems and aims to ease the restructuring process. The communication comprises an action plan which responds to industry calls for a response to the problem and a draft common position related to the development of a European armaments policy for discussion by the Council. The Commission is recommending a dual approach to implement its proposals. The Commission has asked the Council to adopt the common position in order to start the debate on major issues affecting the

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Sue Cunningham/SCP

industry. Intra-community transfers, public procurement and common customs duties are to receive attention first. The action plan proposes a range of measures such as adapting public procurement legislation, a simplified system for intra-community transfers of defence-related goods, rationalising standards and review of the dual-use regulation.

The defence-related industry represents a gross turnover of \$50bn (Ecu 45.3bn) in the EU, but is highly sensitive in political and security terms. In the EU the sector employs 700,000 people directly and several hundred thousand more indirectly and is an important source of technological advances in both the military and civil fields. It is also fundamental to a less dependent European defence capability.

Commenting on the action plan, Mr Bangemann said: "The European defence industry makes an important contribution to the EU economy and to employment, but its fragmented nature clearly gives it a competitive

disadvantage — one could go so far as to say it cannot survive in its current form. These are sensitive issues that need careful handling. However, the urgency of the situation means that we need to work fast."

Mr Van den Broek added: "The time is ripe for a new initiative to put the issue of the European defence-related industry back on the political agenda. A European armaments policy implies the implementation of various instruments under the common foreign and security policy and Community competencies. By adopting the common position proposed by the Commission, the Council would recognise the need to agree at political level on the urgency to act". For more information on the communication please contact DGIII Information and Communications Office (Tel: (322) 296 6549; Fax: (322) 299 1926).

* Thirteen defence ministers in the west European armaments group, part of the Western European Union (WEU), have decided to go ahead with institutionalising European co-operation on armaments. A master plan is to be drawn up this year with the aim of setting up a European armaments agency.

Programmes chosen

The first projects for Hungary and Romania under the Leonardo da Vinci programme, which focuses on education, training and youth, have been agreed. Ecu 2.8m will be given to projects in Hungary and

Romania and a further Ecu 3m to partner bodies in EU member states or the European Economic Area (Norway, Iceland, Liechtenstein). The funds come from national contributions by Hungary and Romania and from allocations made under the EU Phare programme.

The projects cover training for social aid and health care, engineers, language teachers, environmental tourism and tutors for the furniture industry. This is the first participation by any candidate country in the programme. The Czech Republic and Cyprus are also expected to be part of the Leonardo programme following association council decisions. Other candidate countries are also working on joining the programme. Opening the Leonardo programme to the candidates is part of the EU pre-accession strategy under which applicant countries should participate in EU programmes in a wide range of other areas, such as energy, environment, research, health and social policy, culture and the audiovisual sector among others. Total co-financing for all countries participating in the programme amounts to Ecu 107.7m (a total Ecu 104.9m for the 18 countries who have participated from the beginning of the programme and the rest for Hungary and Romania).

Energy and Black Sea region

Energy Commissioner Christos Papoutsis wants the EU to expand co-operation

with the Black Sea region and Black Sea and south-eastern European countries in the field of energy. The initiative was launched at a conference on the world energy market held in Bucharest at the end of November 1997.

The idea is to focus on integrating the two regional energy systems, including issues like the development of inter-connections and the promotion of transit, the harmonisation of market reform policies, the acceleration of technology transfer and the protection of the environment.

EIB currency interest

The European Investment Bank, the EU's investment financing arm, has raised funds in the local currencies of three central European countries as part of its efforts to develop capital markets in the region. It signed a Ft 20bn (Ecu 53.2m) medium-term debt insurance programme with Hungary in October 1997. It is planning similar local currency facilities in Poland and the Czech Republic. The EIB plans will help support the process of integrating these countries into the international capital markets in preparation for their eventual entry into the EU. The EIB is the biggest non-sovereign borrower in the international capital markets and is one of the biggest lenders to central Europe with signed loans to the region totalling around Ecu 5.5bn since 1990. About 70 per cent of its lending has been concentrated in Poland, Hungary and the Czech Republic.

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The Estonian government has no intention of drawing up a plan to promote EU membership among Estonians. The opinion of the people will be asked when membership conditions have been clarified. According to a recent poll, Euro-optimism has grown among Estonians over the past year. Around 40 per cent of Estonians would now vote for EU membership, compared with 29 per cent in 1996. A large percentage of voters remain undecided.

Czech President Vaclav Havel has urged Czechs to fight racism, calling it "a destructive demon whose danger is being underestimated". Writing in the newspaper *MF Dnes*, he said he was "deeply shocked" by the recent killing of a Sudanese student by a skinhead and called for harsher legislation and "fundamental policy changes in the executive".

Hungary, Italy and Slovenia have signed an agreement to set up a joint peace-keeping unit. It will consist of three artillery battalions and will have joint headquarters in Italy.

Hungary and Slovenia have signed an agreement that will enable citizens of each country to visit the other with only their internal identity papers. The two countries also agreed to

better implement the rules set down in the EU's Schengen border control agreement along their common border.

The EU has agreed to extend \$285m (Ecu 258m) to support Bulgaria's balance of payments.

Estonia, Latvia and Lithuania have agreed to abolish non-tariff customs barriers and have signed a resolution on establishing a joint economic area that will allow the free movement of labour and services and the creation of a joint border regime. A second resolution stresses the need to continue to co-operate in combating illegal immigration and to tighten control over the countries' eastern frontiers.

Bulgaria and Turkey have agreed to set up a free trade zone. A comprehensive agreement on trade liberalisation between the two countries is being negotiated.

Max van der Stoep, the Organisation for Security and Co-operation in Europe's high commissioner on national minorities, says he is convinced that Estonia has taken the most important steps toward resolving issues related to the country's non-Estonian population. He has also urged Latvia to amend its draft language law and to speed up the naturalisation

of the country's large Russian minority.

The Commission has banned imports of Polish milk citing poor sanitary and health conditions in Poland. Forty establishments were listed in the ban which says the Polish exporters must comply with EU health and sanitation requirements. Poland is contesting the decision.

The final report of the conference of the EU Commission and European Parliament on meat and bone meal is now available in English, French and German on the Internet at <http://europa.eu.int/en/comm/dg24/sub2.html>.

The Estonian parliament has approved a law on customs tariffs. The law allows the government to levy customs duties on specified goods for six months. Advocates maintain the legislation will protect local producers and is necessary (even if the tariffs themselves are not) for Estonia's membership in the EU and World Trade Organisation. Opponents say the bill will cause foodstuff prices to rise and will harm Estonia's image abroad. Estonia imports roughly half of its foodstuff, of which two-thirds come from the EU.

Slovenia's election to a seat on the UN's security council has given the

country an opportunity to present its views to the world and shoulder responsibility for international crisis spots, says President Milan Kucan.

Estonia has amended its immigration law to increase the rights of temporary residence permit-holders. The amendments ensure that permit-holders enjoy rights similar to those granted to people with permanent residency. The amendments also eliminate quotas for the number of immigrants from the EU, Norway, Iceland and Switzerland. Restrictions on the number of immigrants from other countries remain in force.

Slovenia is to concentrate on improving its economic relations with the Balkan countries, including with the other successor states to the former Yugoslavia, says Economics and Development Minister Marjan Sanjur.

A recent study by the World Health Organisation lists Estonia, Latvia and Russia's Ivanovo oblast (province) as "hot zones" of untreatable tuberculosis that could threaten a global crisis. The incidence of drug-resistant TB in these areas is so high as to threaten to overwhelm local health systems.

Prague has re-introduced visa requirement for

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citizens of countries of the Commonwealth of Independent States in order to protect the security of the Czech Republic. The government took this measure in response to what it sees as an increase in criminal offences committed by Russian-speaking visitors.

Bulgaria has admitted that over 1,600 of its citizens have been involved in drug smuggling and 112

Bulgarian companies were used as cover for international drug trafficking. The growing drug consumption in Bulgaria is contributing to crime, including murders.

German, French, and Polish defence ministers have announced a three-year programme of joint exercises to bring Polish armed forces up to Nato standards.

Nine Polish Roman Catholic bishops visited Brussels for three-days at the end of 1997 to discuss the religious side of Poland's EU membership. The Catholic church in Poland has only recently openly supported the country's bid to join the Union.

The Czech deputy foreign minister is to lead a 31-member team on accession talks with

the EU. The group includes officials from all government ministers but the finance ministry is the most heavily represented.

"Poland needs broad help during the adjustment period in many areas and sectors," says Poland's Prime Minister, Jerzy Buzek. He says aid should be directed at Poland's steel, textile and mining sectors as well as agriculture.

Euro book at bedtime

The book's title hardly has the ring of a potential best-seller. Yet, in the months to come, it could become required bed-time reading for tens of thousands of French businessmen.

L'euro et l'entreprise, mode d'emploi (*The Euro and Companies: a user's guide*) is an attractive text-book style review of the move to the single currency, written by lawyer Philippe Janody and Denis Neveux, an associate director of KPMG Fiduciaire de France.

Produced by Nouvelles Editions Fiduciaires and costing Fr 160 (Ecu 24.2), the 190-page book carries maps, diagrams, graphs and a bibliography of official reports and other writing on the euro. Like any good guide, it contains a glossary of terms.

These go from an explanation of the target transfer system that will be introduced with the euro to "fiscal filibustering", an expression once used by the former French Finance Minister Jean Arthuis to accuse countries he suspected might be tempted to indulge in some unfair competition and offer fiscal advantages to investors.

L'euro et l'entreprise is split into three main parts: rules of the game, strategic stakes and operational consequences. The first section gives a brief history of monetary union, recalling that the idea germinated in 1965 in a report by the then European Commissioner Raymond Barre who was later to become Prime Minister under President Valéry Giscard d'Estaing.

It prefaces each section with a quotation, such as the current French Commissioner Yves-Thibault de Silguy's statement that "the single market without the single currency is in some ways like having a winning lottery ticket that you forgot to validate" or Dwight

Eisenhower's "the only limits to our fulfilment of tomorrow are our doubts and hesitations of today".

Under a multitude of subheadings, the book explains the calculating mechanism for switching currencies, gives hints on legal and accounting problems and, where the precise procedures are not yet known, offers some likely scenarios.

It goes into the headache caused by the need to upgrade the thousands of cash dispensers all over Europe and notes that, for at least one year, French tax-payers will fill out their tax returns in francs but actually pay the tax-man in euros.

In the section on the origins of the currency, the guide gives a condensed version of the most common arguments for and against the controversial Maastricht Treaty criteria for economic convergence, such as obliging qualifying countries to keep their public deficits down to three per cent of GDP.

On a practical level it gives the precise timetable of the changes, explaining the preparations businesses will have to make to accommodate them.

It also reminds readers that the move to the euro will eventually simplify many transactions, opening export markets to small companies that before could not take the risk of being battered by currency movements and "replacing the exchange-trader by the cashier" as the currency takes over from francs, marks and other money.

L'euro et l'entreprise concludes on a highly optimistic note by stating that the euro will become "the face of Europe" because "the euro will be Europe in the pocket of every European". ■

Julian Nundy, Paris

EU sees role to play in Mediterranean region

In November 1995 in Barcelona the European Union (EU) and 12 Mediterranean countries put their signatures to a declaration creating a Euro-Mediterranean partnership.

The idea, first born at a European Council meeting in June 1992, singled out the Mediterranean as an area crucial to the EU's security and social stability. The Barcelona accord created a framework for political, economic, cultural and social links between the EU and the 12 Mediterranean states — Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Palestine, Syria, Tunisia and Turkey.

The Union wants to work together with the 12 to speed up social and economic development in the region, improve living conditions (reducing disparities between north and south) and foster closer regional integration and co-operation.

The Barcelona accord outlines three major goals:

- a political and security partnership aimed at creating a common area of peace and stability
- an economic and financial partnership designed to establish a common area of prosperity through free trade
- a social, cultural and human partnership to increase exchanges between the civil societies of the countries in the partnership.

Underpinning this are hopes for a complete free trade area by the year 2010.

These aims, said the assembled ministers, were to be achieved through a mixture of multilateral discussions, bilateral association agreements (to be ready by 1997-98) between the EU and the Mediterranean countries and better co-operation between the Mediterranean countries themselves.

Progress on realising these aims, however, has been patchy. The Barcelona declaration led to meetings on a variety of subjects such as security strategies, industrial law, environmental matters, audio-visual technology, health and banking policy. Experts were able to talk through problems without the rancour that normally characterised some political relations.

Association agreements between the EU and Israel, the Palestinian authorities, Morocco, Tunisia and Jordan have been signed. Turkey has successfully negotiated a customs union with the EU, but political relations and the question of eventual EU membership are far from being settled. Negotiations for association agreements are beginning with Egypt, Lebanon and Algeria.

Malta, which previously expected to join the EU, has dropped out of the running for the time being, but has established close ties to the EU. Cyprus has already signed an association agreement with the EU and is a member



1998 action plan

March: Seminar on the use of the Internet, Cyprus

April: Workshop on dialogue between cultures and civilisations, Stockholm

May: Euro-Mediterranean Committee meeting, Brussels; conference on capital markets, London; conference of energy ministers, Brussels

September: Conference on the participation of women in economic and social life, Lisbon; forum on the information society

Other events: Experts meeting in the area of migration in the region; training seminars in the field of police co-operation; Euro-Mediterranean parliamentary forum and parliamentary co-operation meeting in Malta.

country of the pre-accession strategy of the EU.

Relations with Egypt are not as developed as many had hoped.

The Commission hopes a Council mandate will be forthcoming allowing it to open talks on a bilateral association agreement with Syria.

On the multilateral level there have been some set-backs. A second ministerial meeting in Malta in 1997 found participants unable to agree a form of words on the Middle East peace process. Morocco cancelled a meeting of industry ministers in the autumn of 1997, arguing that it could not accept Arabs meeting with Israelis on Arab soil. Talks on establishing a common security framework are moving ahead slowly. Stalemate and events in Algeria, Egypt and the Middle East peace process are making it difficult to establish the "zone of peace and prosperity" called for under the Barcelona accord.

Euro-Mediterranean funds amounting to Ecu 4.6bn are to be dispersed until 1999. Although there have been complaints that the procedures to release the funds are complex and time-consuming, so far Ecu 680m was spent under the programme in 1996 and Ecu 900m in 1997. A further Ecu 1.5bn is expected to be spent in both 1998 and 1999.

Supporters of the Euro-Mediterranean process say the difficulties facing the partnership demonstrate exactly why it was important to set it up. Despite the occasional argument among these countries, the Barcelona process provides a forum in which some of the world's most troubled regions can discuss issues. It may yet prove an essential component in the search for long-term peace in the region. ■

Alistair Keene, Brussels

Promoting European culture is an uphill struggle

Culture is a sensitive issue and one which raises fears that the ultimate aim of a European Union cultural policy is to create a harmonised pan-European culture — one which by its homogenous qualities would diminish the richness of the current diversity. The Union would argue this is far from the case.

The EU wants to promote and protect Europe's rich and disparate cultural heritage through positive actions. Despite good intentions, however, EU cultural policy faces an uphill struggle. It has yet to attract the same kind of recognition from member states as, for example, the introduction of the euro. Not until 1993 when the Treaty on European Union came into force was culture even mentioned. Article 128 obliges the Community to take cultural aspects into account and incorporate cultural objectives at an early stage into the definition and implementation of the relevant Community policies.

The new treaty introduced as an objective of the EU "a contribution to the education and training of quality and to the flowering of the cultures of the member states".

It also allows "aid to promote culture and heritage conservation", providing that such aid does not affect trade or competition and is not against the common interest.

Title IX of the treaty added that the EU should bring common cultural heritage to the fore and that its actions should aim to encourage co-operation between member states in the areas of improvement of the knowledge and dissemination of culture and history of Europe, conserve and safeguards significant cultural heritage, promote non-

commercial cultural exchanges as well as artistic and literary creation, including in the audio-visual sector."

The treaty also says the Union should take cultural aspects into account in its other actions. In April 1996 the Commission issued its first report on the "consideration of cultural aspects in European Community action". This concluded that cultural aspects have not received the priority treatment that they should in some member states. The report also found that a great majority of the policies and actions implemented by the Union now include a cultural dimension or have an impact on certain cultural fields.

Commission officials and some member states see the development of culture in the same light as other projects which are meant to build on the idea of a common European citizenship. Others are worried that the cultural diversity present in European countries could be eroded by attempts to "Europeanise" culture and see EU moves in the area as unnecessary and potentially damaging. Nevertheless, if culture and citizenship go hand in hand, this also means that no citizen should be deprived of his right to culture and that individual states should act to ensure access to it for the greatest number of people.

In free and democratic societies, access to knowledge and culture, the right to express an opinion, emotions or sentiments, the right to participate in contemporary creativity are inalienable values, inextricably linked to the notion of citizenship.

EU cultural programmes which have been developed or are in the process of adoption support projects which are open to all citizens. An example is the Kaleidoscope programme (contemporary cultural creation), Raphael (conservation of cultural heritage) and Ariane (books and reading).

Community support for the cultural sector remains limited in comparison to the objectives set out in Article 128. Artistic and cultural events reflect a cultural past and cultural identity, expressing artistic movements and creations and serving as vehicles of inter-cultural and international co-operation, dialogue and exchange.



The men of culture are the true apostles of equality.

*Matthew Arnold, English poet and essayist
Quotation from Culture and Anarchy (1869)*



Sue Cunningham/SCP

As such they are the arenas for individual and collective expression, as well as contributing to the cultural development of a region, country or Europe as a whole.

In a time of change and expansion of the Union, culture is also a way of showing all citizens what they have in common. It is often said that the EU can seem a bit remote, that complicated decisions which the man in the street cannot understand are taken in Brussels.

EU cultural actions could be a way of proving the value of the Union to its citizens and win over those who feel alienated from the EU.

According to the European Forum for Arts and Heritage (EFAH) a network of cultural organisations, "While economic success and political structures are inherent building blocks of a secure Europe, cultural activity is a critical factor in the economic, social and human success of a developing Europe. Without some guarantee that the ways in which people express their individual identity are safe and valued, the sense of alienation from European institutions will continue and threaten their future."

British Socialist MEP Carole Tongue also highlights the value of culture. "Europe's strength is cultural diversity and it makes us what we are which is very important indeed." She adds that culture also needed to be appreciated from an economic and job creation point of view.

Culture is not only important for citizens of the current 15 member states but also for those in the applicant countries. In encouraging exchanges of ideas and partnerships, EU

Europe's strength is cultural diversity and it makes us what we are which is very important indeed.

Carole Tongue, MEP

cultural programmes are an ideal way to build East-West bridges. Both sides have much to learn from each other and much in common.

In the enlargement process culture should be given as great a priority as democracy, according to EFAH's general assembly: "Respect for the cultural life, the free expression of artists, adequate support for creation and the artistic infrastructure, the protection of the regional, national and international heritage and the recognition of the cultural rights of minorities are at the heart of duties of the modern democratic state. They must be a precondition of membership of the EU as is democracy." ■

Reports by Stella Dillon, Brussels

Programmes open to candidates

There are three current EU culture programmes. Although changes are expected to these (see article page 24), they are now all open to the candidate countries under certain conditions.

Raphael is aimed at supporting cultural heritage, for example by funding work on the restoration of European monuments and sites of exceptional historical importance, by helping cultural events connected with the protection of cultural heritage and by giving grants for training in restoration and conservation. After adoption in 1997, it was agreed to allocate Ecu 30m to Raphael over the next three years. Kaleidoscope is aimed at cross-border co-operation and bringing added value to EU culture. It is only available for projects involving at least three member states. Applicant countries can take part as fourth participants unless they have an association council decision in which case they can be the lead organiser. Some cultural organisations in member states



Sue Cunningham/SCP

geographically on the edge of the EU have complained that the requirement to find partners is too difficult. Actions that have come under Kaleidoscope include the European City of Culture, the EU Youth Orchestra and the EU Baroque Orchestra. In 1996 the programme helped 3,000 performing and visual arts events across Europe, the circulation of 75 cultural projects between three different European cities and 11 European theatre or music festivals.

Ariane promotes books and reading. It offers support for contemporary literary translation and co-operation projects to promote books and reading in Europe, as well as grants and travelling expenses for courses at college for literary translators. Aristeion, the European literature prize, and European translation prize also comes under Ariane. In 1996 Ariane contributed to the translation of 95 literary works and plays. ■

Changing times for cultural programmes

EU cultural policy is changing. This month a proposal for a cultural framework programme for the new millennium is being launched. This will replace the Ariane and Kaleidoscope programmes due to finish at the end of this year and Raphael, due to come to a close at the end of 1999.

The expiration of these programmes is an added pressure for the candidate countries, who have just won the right to participate fully in them and now have less than a year to benefit.

Until now applicant countries have been able to take part in the programmes, not as a lead partner but as third or fourth partners.

Directorate-General X (DGX) officials say, "The candidates are very enthusiastic because despite the problems they have in restructuring their economy, society and whole system, despite their weaknesses they have very rich cultural sector. They have survived. They have a cultural heritage in buildings and monuments and at the same time they are very rich in cultural associations and artists. So there is a huge demand that unfortunately cannot be satisfied by the actual programmes with a very small budget."

All of the applicant countries are interested in Raphael. "In these countries it is a serious problem and they need a lot of money to be able to maintain these wonderful artistic treasures they have," say DGX officials.

One example of how Raphael can help preserve historic buildings and serve the whole community is a project in the centre of Bucharest where an eighteenth century church, built by the Greek representative of the Sultan, is the focus of a EU-sponsored project. The church was falling into ruin. Money from Raphael has helped the Romanian government restore it. "This church is not only a monument, but a centre for young people who can go there to meet. It keeps the place alive and gives an extra dimension to a population under duress," say DGX officials.

Applicant countries are also interested in the Kaleidoscope programme but the small amount of money available in the Ariane programme has meant that it has attracted relatively less interest.

While economic success and political structures are inherent building blocks of a secure Europe, cultural activity is a critical factor in the economic, social and human success of a developing Europe. Without some guarantee that the ways in which people express their individual identity are safe and valued, the sense of alienation from European institutions will continue and threaten their future.



Sue Cunningham/SCP

Under preparatory actions, the rules were easier for applicant countries to take part in cultural programmes. They benefited indirectly as partners and did not have to make contributions to EU cultural funding.

From now on, however, applicant countries who meet certain criteria will be participating in the programmes on a more equal basis and will have to make contributions. The Czech Republic, Slovakia, Hungary, Poland, Romania, Estonia and Bulgaria will participate in the first wave of the programmes. All applicant countries have expressed their interest in taking part in the EU's cultural programmes, but only these seven showed what Commission officials call a "double commitment" by proving in addition that they were ready for the financial commitment. They did this by writing a formal letter to the Commission indicating their willingness to participate and explaining how they were going to use a mixture of EU Phare funds and national money for their contribution to EU cultural funds.

Unlike a member state, the applicant countries can only benefit from cultural funding by as much as they contribute. DGX officials explain: "It is like a bank. You can draw from your account as much as you have in your account, without the right to go into the red. There is no overdraft. The only difference is what they put into the account can be a mixture of national budget and the national Phare allocation. We have long negotiations and we fix together the amount of money they pay for direct contributions to the EU budget. It is based on the GDP weighted by purchasing power parity. If they don't spend all this money it does not disappear. It is transferred to

the next year. In the multi-year programmes money is transferred, too. If money is not used, it is returned to the national budget. Given the small amounts, however, it is likely that all the money will be used."

For DGX officials the financial aspects of the negotiations for candidate country participation in the cultural programmes are all part of the learning process for the applicant countries. "Now they will be on almost an equal level as member states. They benefited in the past, but now they will benefit in a more formal way. When they are lead organiser they will find out how to organise, how to deal with all these complex questions of project submission and management of money."

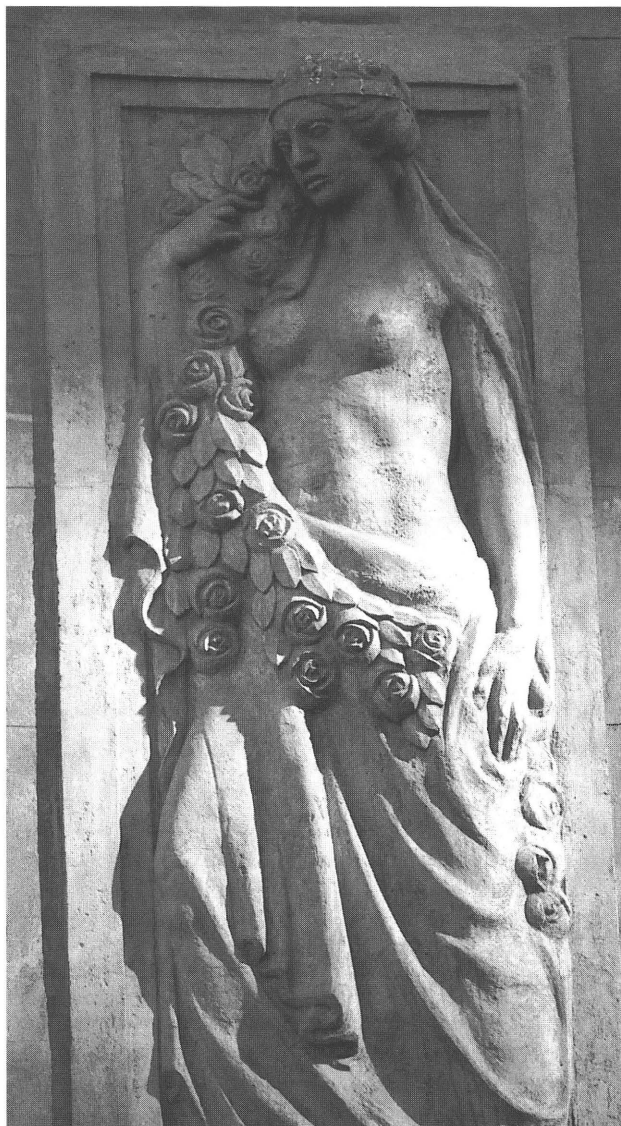
For the candidate countries writing the formal letter of interest and agreeing the entry ticket is just the beginning of a lengthy process. The candidates participate in the cultural programmes on the basis of a Europe agreement and additional protocols which mention the programmes and specific association council decisions.

"These countries get into these programmes for one year and create a network and then they have to hope that the great cultural framework programme will be adopted relatively quickly so they can get in. For us it is extra work as we need to start all over again when there is a new programme. It is a pity for them because they find themselves in limbo at the end of 1998 as far as Ariane and Kaleidoscope are concerned. For us, we have to start all over again going through the lengthy procedure of obtaining association Council decisions," explain DGX officials.

The Commission has made allowances for possible delays due to the long procedure. Deadlines are to be extended in order to give candidate countries enough time to submit programmes so the allocation of projects and money will happen later than in member states. ■

Real culture lives by sympathies and admiration, not by dislikes and disdains - under all misleading wrappings it pounces unerringly upon the human core.

*William James, American philosopher
Quotation from McClure's Magazine, February 1908*



Sue Cunningham/SCP

Who pays for culture?

Paying for EU culture programmes is a problem. Member states do not want to increase the amount of money available for the programmes and are looking at alternative strategies. Since 1992 the budget has hardly changed.

Programme funding is agreed under the unanimous voting system in the Council of Ministers. This means that any one member state can veto a project and delay it for years.

It is a system that also infuriates members of the European Parliament, in particular the president of the parliament's culture committee, Dutch MEP Peter Pex. He says that Council qualified majority voting negotiations between

parliament and the member states on funding for the cultural programmes are virtually impossible. MEPs have no room for manoeuvre.

An Italian idea to create a single EU culture fund, which might have avoided the series of battles between MEPs and the Council was not welcomed by many cultural organisations. They feared it could lead to even more funding cuts.

Another source of funding is the structural fund. A Commission report found that in the EU's previous budgetary period (1989-1993) 83 per cent of its expenditure which could be loosely termed cultural was funded from structural funds. This shows how important culture can be in economic terms and how wide its definition can be. ■

What the candidates think about the EU

Monitoring changes in the opinion of citizens in the candidate countries is important in signalling shifts in perceptions and notions of the EU.

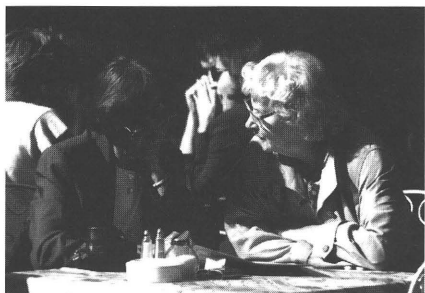
The latest issue of *Central and Eastern Eurobarometer* shows that people in the 10 candidate countries have revised their thoughts about the EU in just one year.

The EU's image among the candidate countries is improving. Almost all countries showed a swing towards the EU. Public opinion fell only in three countries. In the Czech Republic a one per cent drop occurred (from 35 per cent to 34 per cent) while in Poland the fall was 2 per cent (from 58 per cent to 56 per cent). Romania registered the biggest change (from 65 per cent to 56 per cent).

Most people surveyed thought EU membership would help with overall progress of the country and would help improve the economy and open the market. Those against EU membership believed the EU would worsen the economic problems of the country and cost too much.

Public support for Nato membership was highest in Romania and Poland and least in the Czech Republic, Estonia, Lithuania and Slovakia. The overwhelming reason for joining Nato was a guarantee of security. Those surveyed who opposed Nato membership wanted their country to remain neutral and were against war in general.

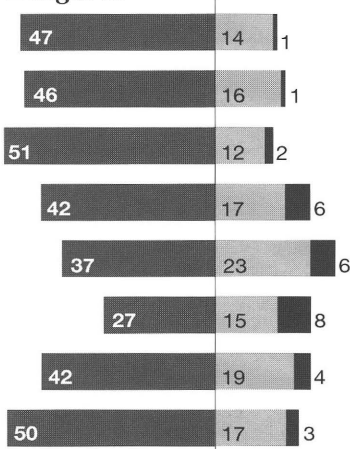
Central and Eastern Eurobarometer No 8 interviewed people in each country face-to-face in their homes during November 1997. A full version of *Eurobarometer* is available in English. More information on the survey from Louis Hersom (Fax (322) 299 9288); E-mail: louis.hersom@dg10.cec.be).



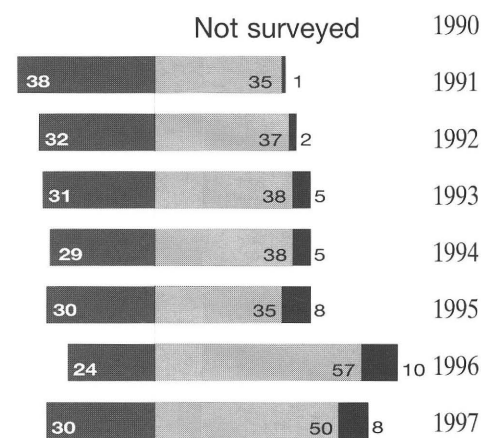
Sue Cunningham/SCP

European Union's image among candidate countries' general public (in %)

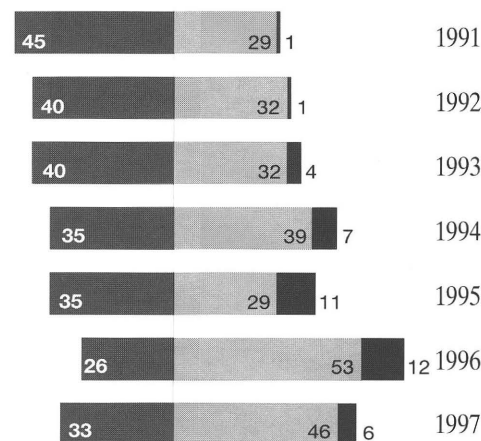
Bulgaria



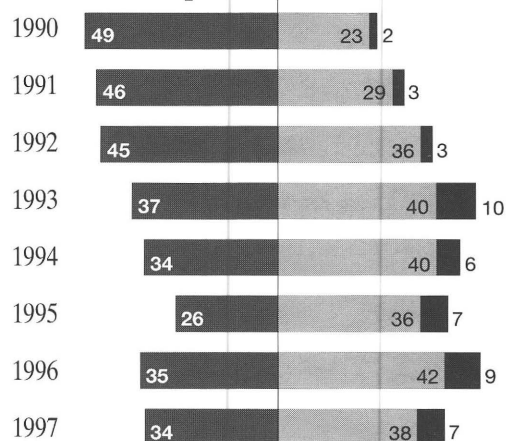
Estonia



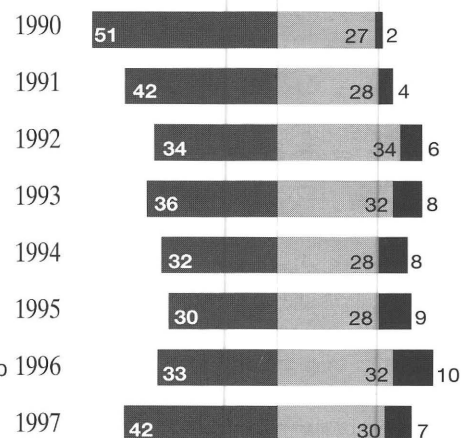
Latvia



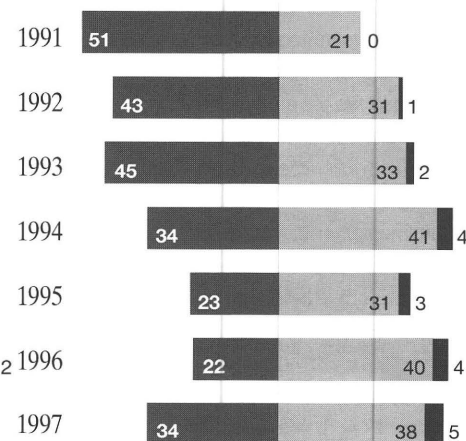
Czech Republic



Hungary

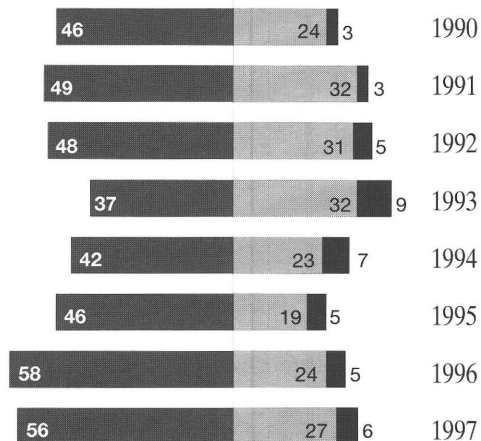
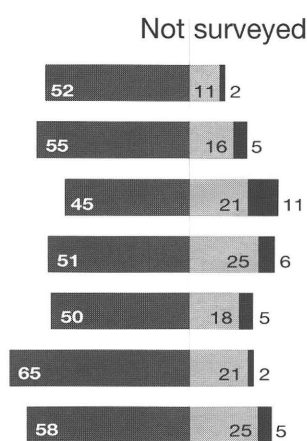
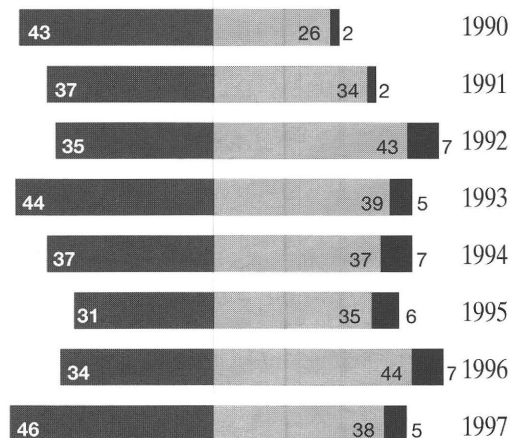
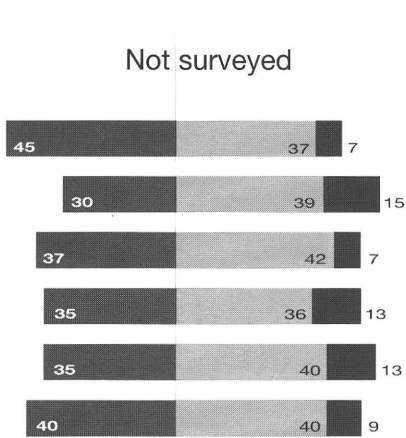


Lithuania



■ Positive ■ Neutral ■ Negative

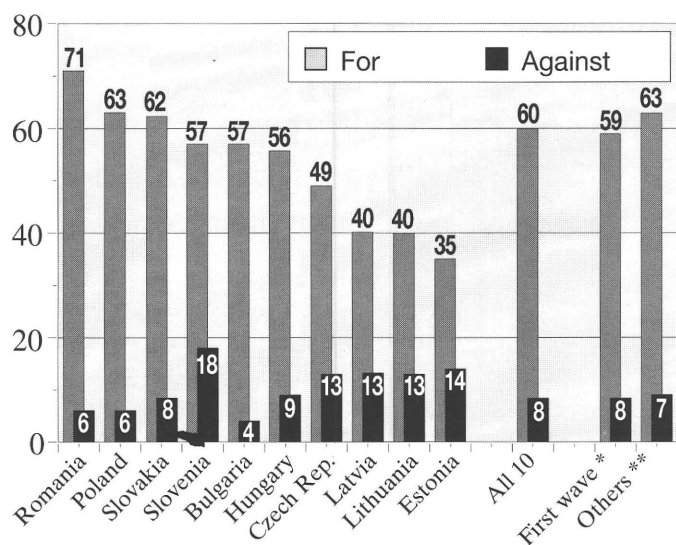
March-April 1998/2

Poland**Romania****Slovakia****Slovenia**

Sue Cunningham/SCP

Referendum on EU membership in candidate countries (in per cent, those who have the right to vote only)

Question: If there were a referendum tomorrow on the question of your country's membership of the EU, would you personally vote for or against membership?



* First wave : Czech Republic, Hungary, Poland, Slovenia, Estonia ** Others : Bulgaria, Latvia, Lithuania, Romania, Slovakia

Referendum on Nato membership in candidate countries (in per cent, those who have the right to vote only)

Question: If there were a referendum tomorrow on the question of your country's membership of Nato, would you personally vote for or against membership?

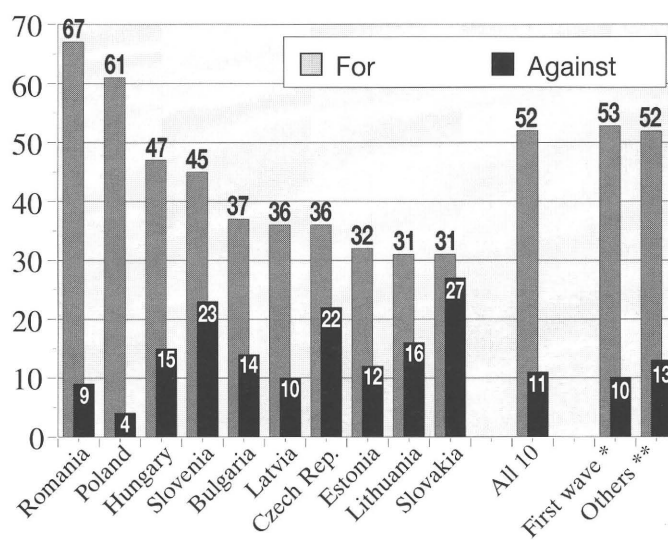
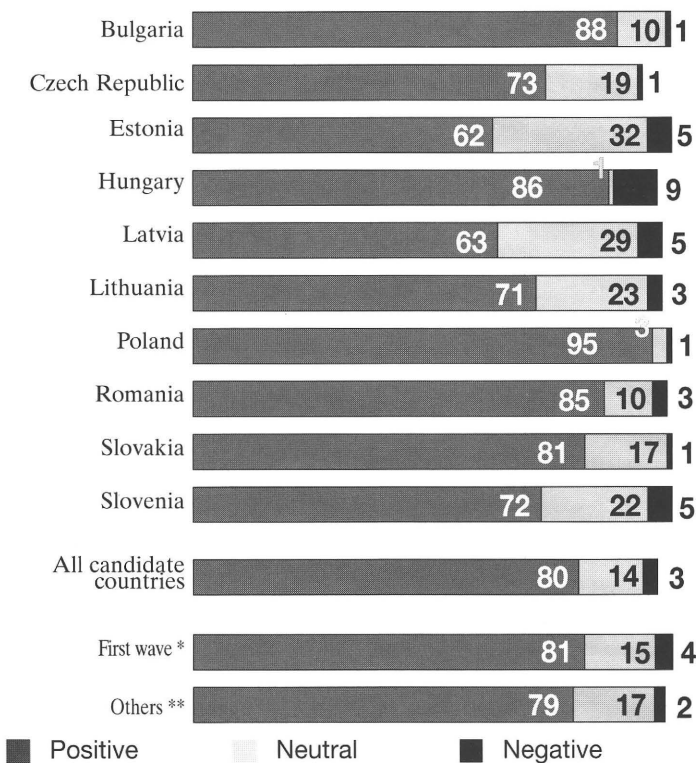
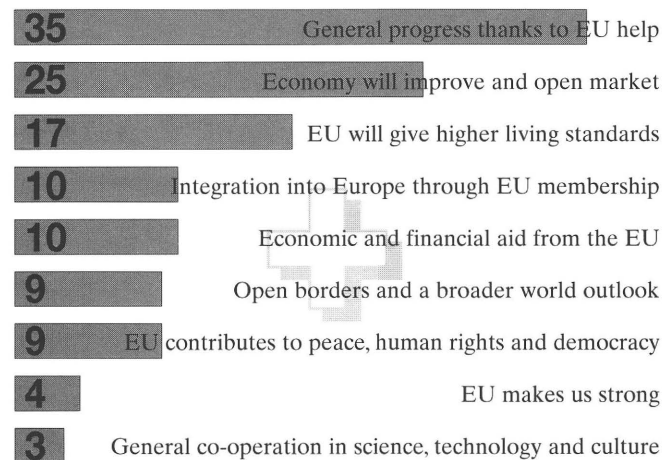
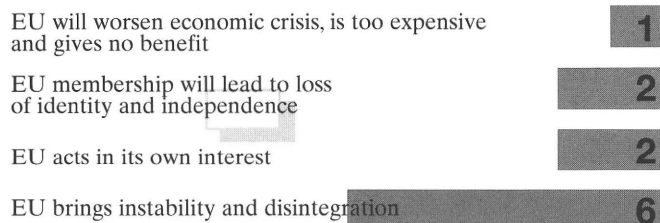


Image of EU among candidate countries' decision-makers and opinion-formers (in per cent)

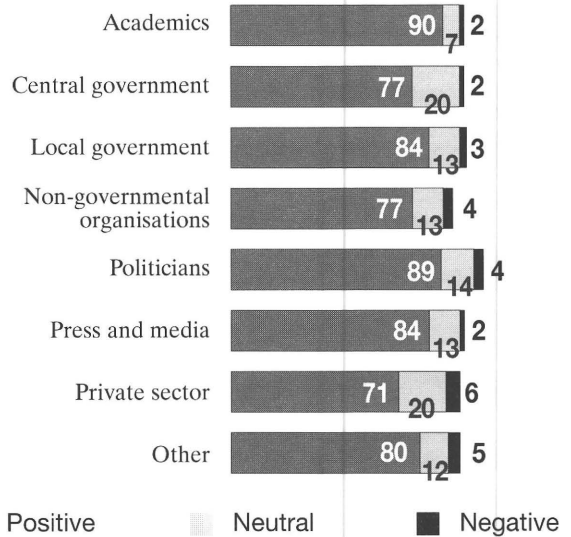
Question: Are your impressions of the aims and activities of the EU generally positive, neutral or negative?

**Reasons for voting for and against EU membership (in per cent)**

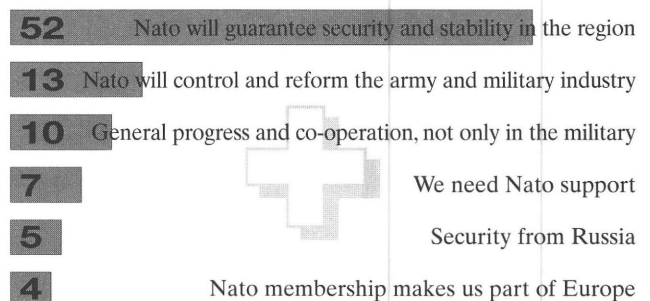
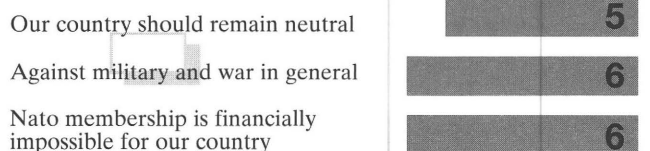
Question: What are the main reasons why you would vote for or against EU membership for your country?

For EU membership**Against EU membership**

Source for all tables: Central and Eastern Eurobarometer No 8

**Reasons for voting for and against Nato membership (in per cent)**

Question: What are the main reasons why you would vote for or against Nato membership for your country?

For Nato membership**Against Nato membership**

EU INFORMATION SOURCES FOR EU PROGRAMMES

Information on the Socrates programme is available from national agencies.
The following is a list of these agencies in the candidate counties.

CZECH REPUBLIC

CSVS Socrates Department.

Contact: J Vochozka
U Luzickeho seminare 13
CZ-18800 Prague 1

ERASMUS

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H-1146 Budapest

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ODL

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E-mail: ocenpkp@waw.pd.inet

Adult Education

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E-mail: ocenpkp@waw.pd.inet

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of the Education System
Al Szucha 25
PL-00 918 Warsaw
Tel: (4822) 628 0461
Fax: (4822) 628 8561

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SOCRATES National Agency

Contact: Ms E Zamfir
Schitu Magureanu Str 1
RO-70738 Bucharest

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Ms L Lotreanu, Ms M Constantini
Tel: (401) 311 3505
Fax: (401) 311 3500

COMENIUS

Contact: Ms Anna Maria Mordianu
Tel: (401) 311 3505
Fax: (401) 311 3500

LINGUA

Contact: Iordan Panzaru
Ms L. Mikailescu
Tel: (401) 311 3505
Fax: (401) 311 3500

ODL

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Fax: (401) 311 3500

Adult Education

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Fax: (401) 311 3500

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European Dialogue

THE MAGAZINE FOR EUROPEAN INTEGRATION

Welcome

This is the site of *European Dialogue*, the European Commission bimonthly magazine for Central Europe and the Baltic states.

The magazine is managed by DGX External Information Unit.

The magazine is targeted at decision-makers/opinion-formers having an impact on European integration in the ten countries that have applied to join the Union (Poland, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia).

The magazine is a forum for discussion, and therefore its contents do not necessarily reflect the policies or views of the EU institutions or Member States.

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March-April 1997/2

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- 2 ISPO - Information Society Project Office
- 3 Ideas for European Initiatives
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World Trade Talks

The Singapore ministerial conference of the World Trade Organisation showed the trade group can make deals. The 10 associated countries could see some direct trade gains as a result of the meeting

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